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CITY OF BANNING and SHERI FLYNN

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, EASTERN DIVISION

SUN LAKES HIGHLAND, LLC, a
Delaware limited liability company,

Petitioner and Plaintiff,

v.

CITY OF BANNING, a municipal
corporation; SHERI FLYNN, an
individual; and DOES 1 through 10,
inclusive,

Respondents and
Defendants.

Case No. 5:24-cv-02603-DTB

VOLUME 4 PART 12 OF THE
ADMINISTRATIVE RECORD OF
PROCEEDINGS

Date: May 29, 2025 (Off Calendar)
Time: 10:00 a.m.
Crtrm.: 4
Judge: Hon. David T. Bristow

Action Filed: December 6, 2024
Second Amended Petition Filed: March
31, 2025

continued development of residential homes in the Atwell project as well as various other development projects, and the addition of a Building Official. Culture and Leisure increased 19.46 percent or \$0.43 million due to the continued resumption of services that had been discontinued during the Coronavirus pandemic and parks improvements. Public Works/Transportation expenses increased 12.83 percent or \$0.78 million due primarily to the Annual Streets Overlay Project, design services contracts, and engineering plan checks and inspections primarily in the Atwell project. Interest on long-term debt remained immaterial at \$70 thousand dollars.

GOVERNMENTAL ACTIVITIES-NET REVENUES (EXPENSES)

The Net Revenues (Expenses) show the financial burden that was placed on the City's taxpayers by each of the functions.

Table 3 and Chart 3 focus on the Revenues and Expenses (Cost of Services) in the Statement of Activity related to Governmental Activities. Chart 3 compares each program, the Revenues, in blue, versus Expenses, in red. Note that each of the governmental activities, program expenses exceed revenues, which results in subsidies from General Revenues (Taxes, Use of Money and Property, Other Revenue and Transfers).

Table 3 - Program Net Cost: Government Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg
General Government	2,860,666	6,874,850	140%	5,938,773	7,742,422	30%	(3,078,107)	(867,572)	72%
Public Safety	3,247,702	2,068,137	36%	17,674,930	18,528,062	5%	(14,427,228)	(16,459,925)	14%
Community Development	3,895,060	4,593,886	18%	5,214,463	8,789,153	69%	(1,319,403)	(4,195,267)	218%
Culture & Leisure	206,262	161,767	22%	2,214,493	2,641,392	19%	(2,008,231)	(2,479,625)	23%
Transportation	4,933,155	4,343,415	12%	6,080,185	6,865,215	13%	(1,147,030)	(2,521,800)	120%
Interest on long-term debt	-	-	-	5,170	66,519	1187%	(5,170)	(66,519)	1187%
Government Subtotal	15,142,845	18,042,055	19%	37,128,014	44,632,763	20%	(21,985,169)	(26,590,708)	21%
General Revenues*	15,907,333	16,777,175	5%	-	-	-	15,907,333	16,777,175	5%
Transfers	607,820	1,168,771	92%	-	-	100%	607,820	1,168,771	92%
TOTAL	31,657,998	35,988,001	14%	37,128,014	44,632,763	20%	(5,470,016)	(8,644,762)	58%

Note: Details can be found in the "Statement of Activities"

⁽¹⁾ Amounts reported for 2022 have not been restated.

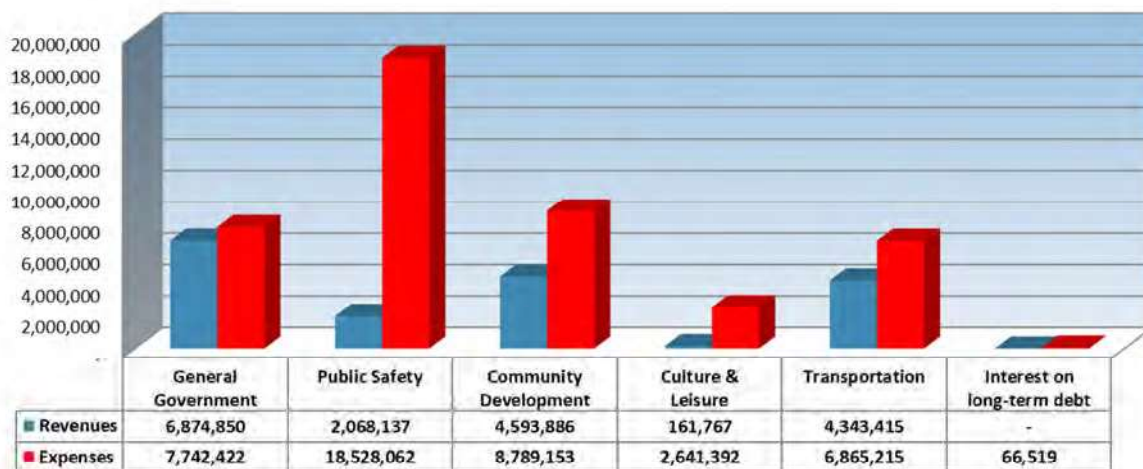


Chart 3: Details can be found in the "Statement of Activities"

BUSINESS-TYPE ACTIVITIES

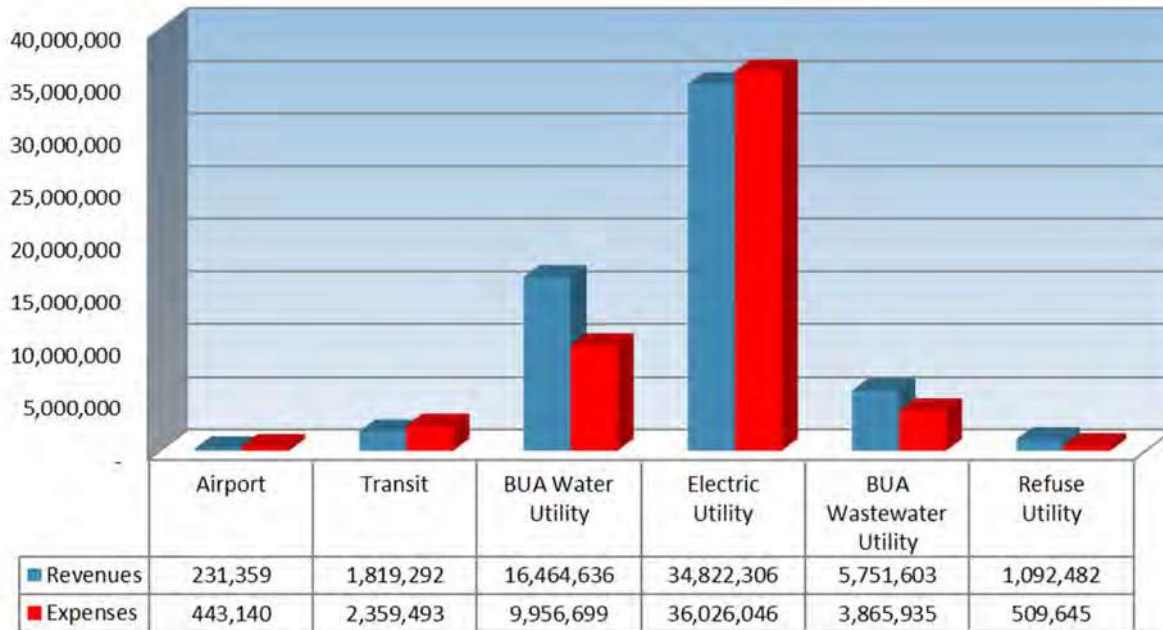
Table 4 and chart 4 focuses on the information on the Statement of Activities that relates to Business-type Activities which are the City's six services funded by customer user fees; Airport, Transit, BUA Water Utility, Electric Utility, BUA Wastewater Utility, and Refuse Utility; revenues, the cost of each program, and its net cost.

Table 4 - Program Net Cost: Business-Type Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg
Airport	691,891	231,359	67%	474,917	443,140	7%	216,974	(211,781)	198%
Transit	1,733,225	1,819,292	5%	1,767,281	2,359,493	34%	(34,056)	(540,201)	1486%
BUA Water Utility	14,939,344	16,464,636	10%	8,119,346	9,956,699	23%	6,819,998	6,507,937	5%
Electric Utility	31,566,595	34,822,306	10%	30,465,230	36,026,046	18%	1,101,365	(1,203,740)	209%
BUA Wastewater Utility	4,952,743	5,751,603	16%	3,513,714	3,865,935	10%	1,439,029	1,885,668	31%
Refuse Utility	5,517,322	1,092,482	80%	1,045,079	509,645	51%	4,472,243	582,837	87%
Business Subtotal	59,401,120	60,181,678	1%	45,385,567	53,160,958	17%	14,015,553	7,020,720	50%
General Revenues	(416,291)	926,517	323%	-	-	0%	(416,291)	926,517	323%
SUBTOTAL	58,984,829	61,108,195	4%	45,385,567	53,160,958	17%	13,599,262	7,947,237	42%
Transfers	-	-	0%	607,820	1,168,771	92%	(607,820)	(1,168,771)	92%
TOTAL	58,984,829	61,108,195	4%	45,993,387	54,329,729	18%	12,991,442	6,778,466	48%

Note: Details can be found in the "Statement of Activities"

⁽¹⁾ Amounts reported for 2022 have not been restated.



Note: Details can be found in the "Statement of Activities"

Important highlights of the Changes in Net Position of Business-Type Activities are:

- Net Position from Business-Type Activities was \$148.84 million after restatements (see Table 2).
- Business-type activities increased Net Position by \$2.96 million after restatements (see Table 2).

- All Business-type activities contributed to the Increase in Net Position except for Airport, Transit, and Electric, all of which fell short of breakeven. The fiscal year 2022-23 results of Net Revenues (Expenses) were \$6.77 million, including non-operating revenue of \$0.93 million as shown in Table 4.
- Business-Type activities are run similar to private companies except without the profit motive. The purpose is to provide services without any city governmental funds support including all necessary infrastructure needs. Most Business-Type activities are primarily funded through rates, charges, and fees for services provided. Airport and Transit operations are heavily funded through dedicated federal and state programs.

FUNDS FINANCIAL STATEMENTS

Governmental Funds are accounted for on a modified accrual basis. Their focus is on reporting current financial information useful for managing the budget and day-to-day operations.

Governmental Funds Financial Statements of the report ties in most closely to the financial information relied upon for managing the budget and the day-to-day operations of the City.

The Fund Financial Statements are divided into three fund types:

- **Governmental funds statements** tell how general government services such as police, fire, public works as well as special revenue, capital project, and debt service funds were financed in the short-term as well as what remains for future spending. Property taxes, sales tax, transient occupancy tax, interest income, franchise fees, grants, contributions from other agencies, charges for services, and other revenues fund these activities. The General Fund is reported as a major fund; all other Governmental funds are non-major.
- **Proprietary funds statements** offer short-term and long-term financial information of the City's utilities, the major proprietary funds include water, wastewater and electric, with the following funds airport, transit and refuse collection services reported as non-major funds. These funds require the use of full accrual accounting.
- **Internal Service funds statements** are proprietary funds that are reported with Governmental activities. The customers of Internal Service Funds are all internal to the City.
- **Fiduciary funds statements** provide information about the financial relationships in which the City acts solely as a custodian, trustee, or agent for the benefit of other governmental units, private organizations, or individuals to whom the resources belong. The Successor Agency, assessment districts and other non-City funds are accounted for in this fund type. These funds require the use of full accrual accounting.

A fund is an accounting entity with a self-balancing set of accounts that the City uses to keep track of resources that have been segregated for specific activities or objectives. In addition, while some funds are required to be established by law or by bond covenants, management has also established other funds to help control and manage money for particular purposes or to show that the legal responsibilities for using certain taxes, grants, and other resources are being met.

The City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. The Fund Financial Statements focus on individual parts of the City government, thus reporting the City's operations in more detail than the Government-Wide statements. The types of

Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds (currently none), Permanent Funds (currently none), and Proprietary Internal Service Funds. Proprietary and Fiduciary activities are also accounted for in funds or fund groups. The fund statements provide information on near-term inflows, outflows and balances of spendable resources. Budget and interim council reporting are generally based on these funds.

The City adopts an annual appropriated budget which includes the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, and Permanent Funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with the budget.

Although the annual operating budget includes Proprietary and Fiduciary Funds, those budgets are not required to be comparatively reported in the annual audit report.

GOVERNMENTAL FUNDS

Governmental Funds only focus on near-term inflows and outflows of spendable resources (current financial resources measurement focus), as well as on balances of spendable resources available at the end of the fiscal year. The Fund Financial Statements include the General Fund, the major fund of the governmental funds, and Other Governmental Funds, which are the total of the non-major governmental funds.

All City Funds are presented separately, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The General Fund is considered a Major Governmental Fund. Each of the Non-Major Governmental Funds are reported in the "Combining and Individual Fund Statements and Schedules" that follow the Notes to Financial Statements and the totals are brought forward to the "Other Governmental Funds" column of the Funds Financial Statements.

All fluctuations are based on 2022 amounts which have not been restated for prior period adjustments. Therefore, all comparisons to the prior year are net of prior period adjustments.

GOVERNMENTAL FUNDS HIGHLIGHTS

- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$17.30 million, a decrease of \$5.61 million or 24.50 percent compared to last fiscal year.
- ❖ GASB 54 requires governments to classify fund balances according to the spending constraints defined by GASB 54. For the General Fund, \$0.75 million of the \$3.96 million fund balance is Unassigned, meaning those funds do not have restrictions on use. However, the remaining \$3.20 million is in the categories of Non-spendable, Restricted, Committed or Assigned. The remaining \$13.35 million in Governmental Funds' fund balance are restricted for specific purposes reported by governmental category plus a separate capital projects category. Negative restricted funds' fund balances are reported as unassigned (\$195 thousand).

GOVERNMENTAL REVENUES

Table 5 below presents a summary of Governmental Fund Revenues by Revenue category for fiscal year 2022-23, with comparative amounts from the prior year. Revenues were \$27.99 million, which is a decrease of \$1.74 million or 5.84 percent compared to the previous fiscal year.

Table 5 - Comparison of Governmental Revenues

	2022 ⁽¹⁾	% of Total Revenues	2023	% of Total Revenues	\$ Increase / (Decrease)	% Change
Taxes	15,587,711	52.44%	15,334,725	54.79%	(252,986)	1.62%
Licenses & Permits	3,096,461	10.42%	1,868,894	6.68%	(1,227,567)	39.64%
Intergovernmental	5,607,324	18.86%	4,190,331	14.97%	(1,416,993)	25.27%
Charges for Services	2,986,735	10.05%	4,743,090	16.95%	1,756,355	58.81%
Use of Money & Property	(106,464)	0.36%	289,456	1.03%	395,920	371.88%
Fines and Forfeitures	114,948	0.39%	187,665	0.67%	72,717	63.26%
Contributions	10,042	0.03%	-	0.00%	(10,042)	100.00%
Successor Agency Admin	250,000	0.84%	250,000	0.89%	-	0.00%
Miscellaneous	2,177,877	7.33%	1,124,165	4.02%	(1,053,712)	48.38%
TOTAL	29,724,634	100.00%	27,988,326	100.00%	(1,736,308)	5.84%

Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"

⁽¹⁾ Amounts reported for 2022 have not been restated.

GOVERNMENTAL EXPENDITURES

Table 6 summarizes the Governmental Fund Expenditures by function for fiscal year 2022-23, with comparative amounts from prior year. Expenditures were \$35.34 million, which is an increase of \$1.71 million or 5.09 percent over fiscal year 2021-22.

Table 6 - Comparison of Governmental Expenditures

	2022 ⁽¹⁾	% of Total Expenditures	2023	% of Total Expenditures	\$ Increase / (Decrease)	% Change
General Government	4,843,512	14.40%	6,021,451	17.04%	1,177,939	24.32%
Public Safety	15,814,927	47.03%	15,989,435	45.24%	174,508	1.10%
Community Development	4,732,304	14.07%	5,423,682	15.35%	691,378	14.61%
Parks and Recreation	1,596,510	4.75%	1,919,057	5.43%	322,547	20.20%
Public Works/Transportation	1,788,191	5.32%	1,857,734	5.26%	69,543	3.89%
Operating Expenditures	28,775,444	85.57%	31,211,359	88.32%	2,435,915	8.47%
Capital Outlay	4,734,064	14.08%	3,911,660	11.07%	(822,404)	-17.37%
Debt Service	120,363	0.36%	217,176	0.61%	96,813	80.43%
TOTAL	33,629,871	100.00%	35,340,195	100.00%	1,710,324	5.09%

Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"

⁽¹⁾ Amounts reported for 2022 have not been restated.

BALANCE SHEETS OF GOVERNMENTAL FUNDS

The City maintains twenty-four individual governmental funds. These funds report financial transactions using the modified accrual accounting method.

FIDUCIARY FUNDS

The City is the trustee, or *fiduciary*, for certain funds held on behalf of those entities outside of the government. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Fiduciary Funds now include all of the funds related to the Successor Agency of the Former Redevelopment Agency, which was formed upon dissolution of the Banning Community Redevelopment Agency (CRA). The Successor Agency is subject to the control of the established oversight board and can only pay enforceable obligations in existence at the date of dissolution. Furthermore, it will hold the remaining assets of the former Redevelopment Agency until the enforceable obligations are legally satisfied, or they are distributed to local taxing entities. Additional information on the dissolution of the CRA can be found in the Footnotes to the Financial Statements (Note 17).

As a result of AB 1X 26, a law enacted by the State in 2012 dissolving the Redevelopment Agencies, Successor Agency Trust Fund receives trust revenues based on ROP's approved by CA Department of Finance. In fiscal year 2022-23, the Successor Agency received \$2.44 million from the Riverside County Redevelopment Property Tax Trust Fund (RPTTF).

Although the Fiduciary Funds Statements are a standalone report in the Funds Financial Statements, they are not part of the Government-wide Statements as the fiduciary activities are not considered part of City activities.

PROPRIETARY FUNDS

Proprietary funds account for public utility services, use of airport facilities, transit services and services where user fees are developed to recover the costs of services provided. Proprietary Funds are integrated into the Government-Wide Financial Statements and provide both long-term and short-term financial information everywhere they are presented. The full accrual method of accounting is required for these funds.

❖ **Enterprise Funds** are used to report on the individual functions for each of the enterprise activities operated by the City. The major proprietary funds are the top three below. In addition, "Other Enterprise Funds" are considered non-major under the GASB criteria.

- Banning Utility Authority-Water
- Electric Utility
- Banning Utility Authority-Wastewater
- Other Enterprise funds:
 - Airport
 - Transit
 - Refuse Utility

❖ **Internal Service Funds** report activities that provide internal services for the City's other programs and activities such as the:

- City's Self Insurance
- Fleet Maintenance
- Information Systems
- Utility Billing Services

NET POSITION

The Total Net Position of Enterprise Funds \$153.54 million. The major funds, the total of City Utilities make up \$151.29 million.

An important metric in utility operations is the Operating Income (Loss).

OPERATING INCOME (LOSS)

Two of the three major enterprise funds have positive results of operation; Water's operating income was \$3.23 million, Electric's was negative (\$2.63 million), and Wastewater's was \$1.33 million.

GENERAL FUND HIGHLIGHTS

The General Fund has a total fund balance of \$3.96 million, of which \$0.75 million is Unassigned, meaning those funds do not have restrictions on use. However, the remaining \$3.20 million is in the categories of Non-spendable, Restricted, Committed or Assigned. The city has committed \$1.50 million for emergency needs with a target of 25.00 percent of the total operating budget, plus assigned fund balances of \$1.50 million for capital replacement, plus \$0.20 million that is non-spendable in nature from prepaid costs and employee loans. The terminology and presentation of fund balances align with GASB 54 requirements.

All fluctuations are based on 2022 amounts which have not been restated for prior period adjustments. Therefore, all comparisons to the prior year are net of prior period adjustments.

GENERAL FUND – REVENUES

Table 7 below provides more information of the General Fund Revenues by category for the fiscal years 2020-21, 2021-22, and 2022-23.

Table 7 - General Fund Revenues

	2020-21	2021-22 ⁽¹⁾	2022-23	% of Total	\$ Increase / (Decrease) to Last Year	% Change
Property Tax	5,584,212	6,082,624	6,939,283	27.97%	856,659	14.08%
Sales Tax	3,854,823	5,857,884	4,875,534	19.65%	(982,350)	-16.77%
Transient Occupancy Tax	1,119,765	1,290,574	1,179,126	4.75%	(111,448)	-8.64%
Franchise	922,932	535,461	543,207	2.19%	7,746	1.45%
Other Taxes	753,873	846,914	737,412	2.97%	(109,502)	-12.93%
License & Permits	2,975,991	3,096,461	1,868,894	7.53%	(1,227,567)	-39.64%
Intergovernmental	2,364,405	1,413,937	1,026,131	4.14%	(387,806)	-27.43%
Charges for Services	2,728,036	2,986,735	4,743,090	19.12%	1,756,355	58.81%
Use of Money & Property	265,746	(43,924)	188,719	0.76%	232,643	-529.65%
Fines & Forfeitures	180,425	114,948	187,665	0.76%	72,717	63.26%
Transfers In	1,090,159	905,947	976,234	3.94%	70,287	7.76%
Contributions	255,850	255,363	250,638	1.01%	(4,725)	-1.85%
Lease Proceeds	-	56,146	361,506	1.46%	305,360	543.87%
Subscriptions	-	-	106,550	0.43%	106,550	100.00%
Miscellaneous	1,103,474	1,343,653	823,244	3.32%	(520,409)	-38.73%
TOTALS	19,808,559	24,742,723	24,807,233	100.00%	64,510	0.26%

Note: Details can be found in the "Budgetary Comparison Schedule, General Fund"

⁽¹⁾ Amounts reported for 2022 have not been restated.

For fiscal year 2022-23, General Fund revenues were \$24.81 million, an increase of \$0.06 million or 0.26 percent over fiscal year 2021-22. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax Revenues increased 14.08 percent to \$6.94 million due to increased property values and continued increases in home sales from new construction developments.

- Sales Tax Revenues decreased by about \$0.98 million to \$4.88 million or 16.77 percent due to decreased consumer spending on non-essential goods and services during the recent period of higher inflation.
- Transient Occupancy Tax declined 8.64 percent to \$1.18 million. Inflationary pressures were also apparent in the lodging sector due to its discretionary nature.
- Licenses & Permits experienced a significant decrease of 39.64 percent to \$1.87 million. There is a significant increase in fiscal year 2023-24 due to continuing development projects. The timing of receipts and expenditures for these services do not always fall within the same fiscal year.
- Intergovernmental Revenue had a substantial decrease of 27.43 percent to \$1.03 million due to less one-time money for COVID-19 relief.
- Charges for Services increased 58.81 percent to \$4.74 million due primarily to increased interfund charges for administrative services provided to non-General Fund departments.

GENERAL FUND - EXPENDITURES

Table 8 below summarizes the General Fund Expenditures for the fiscal years 2020-21, 2021-22, and 2022-23.

Table 8 - General Fund Expenditures

	2020-21	2021-22 ⁽¹⁾	2022-23	% of Total	\$ Increase / (Decrease) to Last Year	% Change
General Government	4,484,323	4,510,023	6,015,150	20.04%	1,505,127	33.37%
Public Safety	13,282,214	13,795,628	15,965,660	53.20%	2,170,032	15.73%
Community Development	4,068,730	4,447,305	4,876,713	16.25%	429,408	9.66%
Culture & Leisure	1,372,529	1,527,287	1,918,080	6.39%	390,793	25.59%
Capital Outlay	-	56,146	737,152	2.46%	681,006	1212.92%
Debt Service	216,212	74,480	217,176	0.72%	142,696	191.59%
Transfers Out	1,599,606	471,589	281,617	0.94%	(189,972)	40.28%
TOTALS	21,132,286	24,882,458	30,011,548	100.00%	5,129,090	20.61%

Note: Details can be found in the "Budgetary Comparison Schedule, General Fund"

⁽¹⁾ Amounts reported for 2022 have not been restated.

Total General Fund expenditures were \$30.01 million, which is a 20.61 percent increase over the previous year. The largest changes occurred in the following areas:

- General Government expenditures increased \$1.51 million to \$6.02 million, a 33.37 percent increase primarily due to classification and compensation and cost of living adjustments, combined with the filling vacancies and the addition of a Communications Officer, and staffing at Opportunity Village (one manager and four staff).
- Public Safety expenditures increased 15.73 percent or \$2.17 million to \$15.97 million primarily due to increased overtime due to staff injuries and wage increases to maintain employees.
- Culture & Leisure expenditures increased \$0.39 million or 25.59 percent due to the continued expansion of services that were previously discontinued due to the pandemic.

- Community Development expenditures of \$4.88 million increased by \$0.43 million or 9.66 percent, which is due primarily to the increased development activity of the Atwell project.
- Capital Outlay expenditures totaled \$0.74 million, which is \$0.68 million higher than the previous fiscal year due to vehicle shortage and doubled purchases in this fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original fiscal year 2022-23 budget for the General Fund was a structurally imbalanced budget that projected a \$0.92 million net loss, but included one-time revenues that were not realized for an Exclusive Negotiating Agreement (ENA) totaling \$2.00 million.

The final adjusted revenue budget differs from the Original Budget in that it contains carry-forward appropriations and revenues for various projects, supplemental revenues, carry-forward appropriations for open purchase orders from the previous year, and appropriations approved by City Council throughout the year. The budgetary comparison information can be found in the audit report section "Combining and Individual Funds Statements and Schedules" under "Budgetary Comparison Schedule, General Fund".

For the City's General Fund, actual ending revenues of \$24.81 million were \$3.12 million lower than the final budgeted revenues of \$27.93 million (please refer to Budgetary Comparison Schedule-General Fund). This is primarily due to the loss of the ENA revenue (\$2.00 million).

The General Fund actual ending expenditures of \$30.01 million were \$2.78 million lower than the final budget of \$32.58 million. Most of the difference is accounted for by salary savings due to vacancies in several departments. Overall, the City's General Fund showed a net decrease in fund balance of \$5.20 million because of expenditures exceeding revenues, which is primarily comprised of the loss of the \$2.00 ENA revenue, a \$1.10 million contract amendment for engineering services, additional police vehicle purchases of \$0.46 million, and increase police staff overtime of \$0.31 million, and the budgeted net loss of \$0.92 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets (Table 9) for its Governmental and Business-Type Activities as of June 30, 2023, is \$229.22 million (net of accumulated depreciation), an increase of 6 percent from the previous fiscal year. This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure, and construction in progress. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-Wide Financial Statements.

Table 9 - Capital Assets by Activity

	Governmental Activities			Business-Type Activities			Totals		
	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg
Land	9,438,620	9,438,620	0%	5,615,491	5,867,684	4%	15,054,111	15,306,304	2%
Construction in Progress	4,470,154	1,204,442	73%	16,166,975	19,419,281	20%	20,637,129	20,623,723	0%
Building and Structures*	6,471,796	5,890,724	9%	83,618	126,605	51%	6,555,414	6,017,329	8%
Land Improvements*	6,756,332	6,133,791	9%	1,859,363	2,479,198	33%	8,615,695	8,612,989	0%
Machinery and Equipment*	740,009	686,751	7%	3,147,740	5,752,968	83%	3,887,749	6,439,719	66%
Vehicles*	365,562	1,287,654	252%	-	-	0%	365,562	1,287,654	252%
Utility Plant	1,372,421	1,359,951	1%	107,729,144	113,092,450	5%	109,101,565	114,452,401	5%
Infrastructure*	52,099,746	54,997,851	6%	-	-	0%	52,099,746	54,997,851	6%
Leased Assets	415,175	944,183	127%	490,257	366,715	25%	905,432	1,310,898	45%
Subscription Assets	-	72,078	0%	-	101,035	0%	-	173,113	0%
TOTAL	82,129,815	82,016,045	0%	135,092,588	147,205,936	9%	217,222,403	229,221,981	6%

Note: Details can be found in "Note 4 (Changes in Capital Assets)"

* Net of accumulated depreciation

⁽¹⁾ Amounts reported for 2022 have not been restated.

Details on the capital assets can be found in Note 4 of the Notes to Financial Statements section.

LONG-TERM DEBT

Table 10 is a summary of the City's long-term debt for the year ended June 30, 2023, including the Net Pension Liability required by GASB No. 68 and 71, the Total Other Post-Employment Benefits Liability required by GASB 75, and Lease Liabilities required by GASB 87. City-wide long-term debt was \$105.66 million as of fiscal year end, which is an increase of 2 percent from the prior year. The borrowing entities received no changes in debt ratings during the fiscal year. Subsequent to June 30, 2023, the Electric revenue bond was downgraded to AA by S&P Global Ratings and currently is on the negative watchlist.

As of June 30, 2023, the City's Governmental Activities had long term debt in the amount of \$40.07 million including Net Pension Liability of \$33.85 million. The 61 percent increase in long-term debt is primarily due to the 69 percent increase in net pension liability that was the result of negative returns on the pension investment portfolio and a 51 percent increase in Total OPEB Liability, plus implementation of GASB Statement No. 96 for Software Based Information Technology Arrangements. No new debts were issued in the governmental activities for the current year. The Redevelopment Tax Allocation Bonds and other loans are no longer reported as a Governmental Activity. For additional information on the Redevelopment Tax Allocation bonds, refer to Note 17 of the notes to the Financial Statements.

Long-term debt in the Business-Type Activities amounted to \$65.59 million including Net Pension Liability of \$15.84 million. The 4 percent increase in long-term debt is primarily due to the 52 percent increase in net pension liability that was the result of negative returns on the pension investment portfolio and a 33 percent increase in Total OPEB Liability, plus implementation of GASB Statement No. 96 for Software Based Information Technology Arrangements, partially offset by debt payments and premium amortization. For additional information on long-term debt refer to Note 8 of the Notes to the Financial Statements. For additional information on Net Pension Liability refer to Note 12 of the Notes to the Financial Statements; for Other Post-Employment Benefits (OPEB) refer to Note 13; and for Leases and Software subscriptions refer to Note 8 (reported within Long-Term Debt).

Table 10 - Long Term Debt/Liability Recap

	Governmental Activities			Business-Type Activities			Totals		
	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg	2022 ⁽¹⁾	2023	% Chg
Compensated Absences	1,454,829	1,608,129	11%	891,542	1,038,163	16%	2,346,371	2,646,292	13%
Revenue Bonds	-	-	0%	46,620,000	43,930,000	6%	46,620,000	43,930,000	6%
Claims & Judgements	2,556,226	2,445,682	4%	-	-	0%	2,556,226	2,445,682	4%
Loans	-	-	0%	-	-	0%	-	-	0%
Leases	389,729	1,362,926	250%	457,987	302,895	34%	847,716	1,665,821	97%
Software subscriptions	-	77,830	0%	-	-	0%	-	77,830	0%
Financed purchases	-	-	0%	-	381,099	0%	-	381,099	0%
SUBTOTAL	4,400,784	5,494,567	25%	47,969,529	45,652,157	5%	52,370,313	51,146,724	2%
Less:									
Unamortized original issue premium				3,984,316	3,706,161	7%	3,984,316	3,706,161	7%
Unamortized original issue discount						0%	-	-	0%
Net Business-Type Activities				51,953,845	49,358,318	5%	56,354,629	54,852,885	3%
Net Pension Liability	20,070,019	33,852,647	69%	10,452,228	15,840,946	52%	30,522,247	49,693,593	63%
Total OPEB Liability	479,093	721,956	51%	589,230	392,822	33%	1,068,323	1,114,778	4%
TOTAL	24,949,896	40,069,170	61%	62,995,303	65,592,086	4%	87,945,199	105,661,256	20%

Note: Details can be found in Note 8 (Long Term Debt) and in Note 12 (City Employees Retirement Plan)

⁽¹⁾ Amounts reported for 2022 have not been restated.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Banning's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, at the City of Banning, P.O. Box 998, Banning, California, 92220.

Basic Financial Statements

1162

AR027157

City of Banning, California
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 8,345,236	\$ 50,255,931	\$ 58,601,167
Receivables			
Accounts	2,252,228	9,772,606	12,024,834
Loans	774,101	1,924	776,025
Interest	55,806	211,647	267,453
Grants	950,573	1,587,058	2,537,631
Internal balances	8,321,851	(8,321,851)	-
Prepaid costs	171,607	787,612	959,219
Due from other governments	1,920,085	-	1,920,085
Inventories	54,297	7,247,696	7,301,993
Restricted assets			
Cash and investments	-	1,156,151	1,156,151
Cash with fiscal agent	8,388,827	3,560,383	11,949,210
Investment in SCPPA Project Stabilization Fund	-	3,176,262	3,176,262
Capital assets			
Capital assets, not being depreciated	10,643,062	25,286,965	35,930,027
Capital assets, net of depreciation	70,356,722	121,451,221	191,807,943
Right to use lease assets, net of accumulated amortization	944,183	366,715	1,310,898
Right to use subscription IT assets, net of accumulated amortization	72,078	101,035	173,113
Total assets	<u>113,250,656</u>	<u>216,641,355</u>	<u>329,892,011</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	2,258,756	2,258,756
Deferred pension related items	12,204,935	4,446,048	16,650,983
Deferred OPEB related items	(11,445)	48,128	36,683
Total deferred outflows of resources	<u>12,193,490</u>	<u>6,752,932</u>	<u>18,946,422</u>

Primary Government		
Governmental	Business-Type	Total
Activities	Activities	
Accounts payable	\$ 2,997,589	\$ 6,255,169
Accrued liabilities	1,804,257	2,016,942
Accrued interest	-	229,204
Unearned revenue	4,097,591	8,173,600
Deposits payable	992,382	1,780,216
Due to other governments	18,281	18,281
Noncurrent liabilities		
Due in one year	989,219	1,095,189
Compensated absences	530,660	530,660
Claims payable	682,730	3,760,170
Long term liabilities		
Due in more than one year	618,910	1,551,103
Compensated absences	1,915,022	1,915,022
Claims payable	758,026	46,000,741
Long term liabilities	33,852,647	49,693,593
Net pension liability	721,956	1,114,778
Total OPEB liability		
Total liabilities	49,979,270	124,134,668
Deferred Inflows of Resources		
Deferred gain in refunding	-	84,621
Deferred pension related items	4,264,961	4,508,489
Deferred OPEB related items	40,381	110,239
Total deferred inflows of resources	4,305,342	4,703,349
Net Position		
Net investment in capital assets	80,575,289	184,839,128
Restricted for		
Community development projects	2,423,237	2,423,237
Public safety	20,247	20,247
Culture and leisure	89,821	89,821
Transportation	2,816,035	2,816,035
Capital projects	4,042,463	4,398,923
SCPPA projects	-	781,048
SCPPA stabilization fund	-	3,176,262
Unrestricted	(18,807,558)	21,455,715
Total net position	\$ 71,159,534	\$ 220,000,416

See Notes to Financial Statements

City of Banning, California
 Statement of Activities
 Year Ended June 30, 2023

Program Revenues							
Capital Contributions	Operating Contributions	Charges for Services	Expenses	Primary Government			
				Governmental Activities			
				General government			
				Public safety			
				Community development			
				Culture and leisure			
				Transportation			
				Interest expense			
				Total governmental activities			
				Business-Type Activities			
				Airport			
				Transit			
				Banning Utility Authority Water			
				Electric Utility			
				Banning Utility Authority Wastewater			
				Refuse Utility			
				Total business-type activities			
				Total primary government			
				General Revenues			
				Taxes			
				Property taxes, levied for general purpose			
				Transient occupancy taxes			
				Sales taxes			
				Franchise taxes			
				Business license taxes			
				Other taxes			
				Use of money and property			
				Other			
				Total general revenues			
				Transfers			
				Total general revenues and transfers			
				Change in Net Position			
				Net Position - Beginning of Year			
				Prior Period Adjustment			
				Net Position - Beginning of Year Restated			
				Net Position - End of Year			

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental	Business-Type	Activities
\$ (867,572)	\$ -	\$ (867,572)
(16,459,925)	-	(16,459,925)
(4,195,267)	-	(4,195,267)
(2,479,625)	-	(2,479,625)
(2,521,800)	-	(2,521,800)
(66,519)	-	(66,519)
(26,590,708)	-	(26,590,708)
-	(211,781)	(211,781)
-	(540,201)	(540,201)
-	6,507,937	6,507,937
-	(1,203,740)	(1,203,740)
-	1,885,668	1,885,668
-	582,837	582,837
-	7,020,720	7,020,720
(26,590,708)	7,020,720	(19,569,988)
6,939,283	-	6,939,283
1,179,126	-	1,179,126
5,790,112	-	5,790,112
543,207	-	543,207
184,270	-	184,270
698,727	-	698,727
317,399	796,142	1,113,541
1,125,051	130,375	1,255,426
16,777,175	926,517	17,703,692
1,168,771	(1,168,771)	-
17,945,946	(242,254)	17,703,692
(8,644,762)	6,778,466	(1,866,296)
69,013,432	145,878,021	214,891,453
10,790,864	(3,815,605)	6,975,259
79,804,296	142,062,416	221,866,712
\$ 71,159,534	\$ 148,840,882	\$ 220,000,416

See Notes to Financial Statements

1167

Fund Financial Statements

1168

29

See Notes to Financial Statements

Assets					
Pooled cash and investments					
\$	1,103,628	\$	7,239,012	\$	8,342,640
Receivables					
Accounts, Net					
Loans					
Interest					
Grants					
Prepaid costs					
Due from other governments					
Due from other funds					
Restricted assets					
Cash and investments with fiscal agents					
-			8,388,827	8,388,827	
Total assets					
8,941,214			23,271,982	32,213,196	
Liabilities Deferred Inflows of					
Resources and Fund Balances					
Liabilities					
Accounts payable					
Accrued liabilities					
Unearned revenues					
Deposits payable					
Due to other funds					
-			4,141,316	4,141,316	
Total liabilities					
3,873,273			8,961,344	12,834,617	
Deferred Inflows of Resources					
Unavailable revenues					
1,111,889			963,283	2,075,172	
Total deferred inflows of resources					
1,111,889			963,283	2,075,172	

1169

30

See Notes to Financial Statements

Fund Balances						
	Nonmajor	Total	Fund	Nonmajor	Total	Fund
Nonspendable						
Prepaid costs						
Employee loans						
Restricted						
Community development projects	1,683,300	1,683,300	-	1,683,300	1,683,300	-
Public safety	20,247	20,247	-	20,247	20,247	-
Culture and leisure	89,821	89,821	-	89,821	89,821	-
Transportation	2,618,557	2,618,557	-	2,618,557	2,618,557	-
Capital projects	4,042,463	4,042,463	-	4,042,463	4,042,463	-
Committed	-	-	-	-	-	-
Emergency contingency	-	-	1,500,000	-	-	1,500,000
Assigned	5,088,061	5,088,061	1,500,000	5,088,061	6,588,061	1,500,000
Capital replacement	(195,094)	(195,094)	753,377	(195,094)	558,283	753,377
Unassigned	13,347,355	13,347,355	3,956,052	13,347,355	17,303,407	3,956,052
Total fund balances	\$ 23,271,982	\$ 32,213,196	\$ 8,941,214	\$ 23,271,982	\$ 32,213,196	\$ 8,941,214
Total liabilities, deferred inflows of resources, and fund balances						

City of Banning, California
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2023

Fund Balances - Total Governmental Funds \$ 17,303,407

Amounts reported for governmental activities in the statement of net position are different because:

Capital and right to use assets net of depreciation and amortization have not been included as financial resources in governmental fund activity. 81,711,703

Pension related liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:

Deferred outflows of resources	\$ 11,109,362	
Deferred inflows of resources	(4,204,640)	
Pension liability	<u>(29,928,901)</u>	(23,024,179)

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Compensated absences	(1,414,744)	
Lease liability	(1,333,487)	
Subscription-based IT arrangements (SBITAs)	<u>(77,830)</u>	(2,826,061)

OPEB related liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:

Deferred outflows of resources	(20,055)	
Deferred inflows of resources	(18,570)	
OPEB liability	<u>(604,109)</u>	(642,734)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 2,075,172

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. (3,437,774)

Net Position of Governmental Activities \$ 71,159,534

City of Banning, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 14,274,562	\$ 1,060,163	\$ 15,334,725
Licenses and permits	1,868,894	-	1,868,894
Intergovernmental	1,026,131	3,164,200	4,190,331
Charges for services	4,743,090	-	4,743,090
Use of money and property	188,719	100,737	289,456
Fines and forfeitures	187,665	-	187,665
Contribution from Successor Agency	250,000	-	250,000
Miscellaneous	823,882	300,283	1,124,165
Total revenues	23,362,943	4,625,383	27,988,326
Expenditures			
Current			
General government	6,015,150	6,301	6,021,451
Public safety	15,965,660	23,775	15,989,435
Community development	4,876,713	546,969	5,423,682
Culture and leisure	1,918,080	977	1,919,057
Transportation	-	1,857,734	1,857,734
Capital outlay	737,152	3,174,508	3,911,660
Debt service			
Principal retirement	179,036	-	179,036
Interest and Fiscal Charges	38,140	-	38,140
Total expenditures	29,729,931	5,610,264	35,340,195
Excess (Deficiency) of Revenues over Expenditures	(6,366,988)	(984,881)	(7,351,869)
Other Financing Sources (Uses)			
Subscriptions	106,550	-	106,550
Leases	361,506	762,007	1,123,513
Transfers in	976,234	1,170,868	2,147,102
Transfers out	(281,617)	(696,716)	(978,333)
Total other financing sources (uses)	1,162,673	1,236,159	2,398,832
Net Change in Fund Balances	(5,204,315)	251,278	(4,953,037)
Fund Balances - Beginning of Year	9,820,214	13,096,077	22,916,291
Prior Period Adjustment	(659,847)	-	(659,847)
Fund Balances - Beginning of Year, As Restated	9,160,367	13,096,077	22,256,444
Fund Balances - End of Year	\$ 3,956,052	\$ 13,347,355	\$ 17,303,407

City of Banning, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (4,953,037)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 3,911,660	
Capital contributions	2,476,459	
Gain/(Loss) on Disposal	(22,496)	
Depreciation	<u>(6,438,893)</u>	(73,270)

Debt proceeds provide current financial resources to governmental funds, issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.

Debt issuance - leases	(1,123,513)	
Lease principal payments	122,533	
Debt issuance - subscriptions	(106,550)	
Subscription IT principal payments	<u>28,720</u>	(1,078,810)

Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(130,927)
Pension		(1,780,982)
OPEB		(320,146)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

1,041,956

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

(1,349,546)

Change in Net Position of Governmental Activities

\$ (8,644,762)

City of Banning, California
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Assets		
Current		
Pooled Cash and Investments	\$ 28,353,840	\$ 119,474
Receivables		
Accounts, net	2,257,589	6,438,472
Loans	-	1,172
Interest	92,265	25,703
Grants	1,498,240	-
Prepaid costs	2,625	781,048
Due from other funds	-	-
Inventories	802,540	6,411,886
Restricted		
Cash and investments	-	1,156,151
Cash with fiscal agent	126,430	701,200
Investment in SCPPA Project Stabilization Fund	-	3,176,262
Total current assets	<u>33,133,529</u>	<u>18,811,368</u>
Noncurrent		
Capital assets		
Capital assets not being depreciated	5,502,898	18,176,897
Capital assets - net of accumulated depreciation	50,860,126	55,956,415
Right to use lease assets, net of accumulated amortization	228,774	137,941
Right to use subscription IT assets, net of accumulated amortization	-	74,180
Total noncurrent assets	<u>56,591,798</u>	<u>74,345,433</u>
Total assets	<u>89,725,327</u>	<u>93,156,801</u>
Deferred Outflows of Resources		
Deferred charge on refunding	611,975	1,646,781
Deferred pension related items	912,029	2,520,151
Deferred OPEB related items	21,139	5,652
Total deferred outflows of resources	<u>1,545,143</u>	<u>4,172,584</u>

City of Banning, California
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

Business-Type Activities Enterprise Funds			Governmental Activities
Banning Utility Authority Wastewater	Other Enterprise Funds	Total	Internal Service Fund
\$ 20,662,343	\$ 1,120,274	\$ 50,255,931	\$ 2,596
956,879	119,666	9,772,606	161,811
-	752	1,924	-
71,156	22,523	211,647	1,726
-	88,818	1,587,058	-
1,313	2,626	787,612	3,096
-	5,075,930	5,075,930	615,506
-	33,270	7,247,696	54,297
-	-	1,156,151	-
2,732,753	-	3,560,383	-
-	-	3,176,262	-
<u>24,424,444</u>	<u>6,463,859</u>	<u>82,833,200</u>	<u>839,032</u>
1,100,768	506,402	25,286,965	-
12,748,916	1,885,764	121,451,221	264,700
-	-	366,715	39,642
-	26,855	101,035	-
<u>13,849,684</u>	<u>2,419,021</u>	<u>147,205,936</u>	<u>304,342</u>
<u>38,274,128</u>	<u>8,882,880</u>	<u>230,039,136</u>	<u>1,143,374</u>
-	-	2,258,756	-
351,532	662,336	4,446,048	1,095,573
18,713	2,624	48,128	8,610
<u>370,245</u>	<u>664,960</u>	<u>6,752,932</u>	<u>1,104,183</u>

City of Banning, California
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Liabilities		
Current		
Accounts payable	\$ 1,482,164	\$ 1,211,488
Accrued liabilities	46,542	120,756
Accrued interest	133,885	85,254
Unearned revenues	-	-
Deposits payable	236,770	469,091
Due to other governments	-	-
Due to other funds	-	8,694,938
Compensated absences	14,174	88,351
Claims and judgments	-	-
Bonds, notes, and leases	1,278,053	1,475,075
Total current liabilities	3,191,588	12,144,953
Noncurrent		
Net pension liability	3,224,756	8,865,125
Total OPEB liability	107,525	171,756
Compensated absences	222,995	485,709
Claims and judgments	-	-
Bonds, notes, and leases	18,778,514	23,052,414
Total noncurrent liabilities	22,333,790	32,575,004
Total liabilities	25,525,378	44,719,957
Deferred Inflows of Resources		
Deferred gain on refunding	-	-
Deferred pension related items	49,575	136,287
Deferred OPEB related items	10,633	17,558
Total deferred inflows of resources	60,208	153,845
Net Position		
Net investment in capital assets	37,147,206	52,165,925
Restricted for capital projects	126,430	-
Restricted for SCPPA projects	-	781,048
Restricted for SCPPA Stabilization Fund	-	3,176,262
Unrestricted	28,411,248	(3,667,652)
Total net position	\$ 65,684,884	\$ 52,455,583

City of Banning, California
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

Banning Utility Authority Wastewater	Enterprise Funds		Activities
	Other Enterprise Funds	Total	Internal Service Fund
\$ 78,818	\$ 485,110	\$ 3,257,580	\$ 292,195
14,600	30,787	212,685	906,323
10,065	-	229,204	-
-	4,076,009	4,076,009	-
58,489	23,484	787,834	-
-	-	-	18,281
-	-	8,694,938	2,379,144
1,758	1,687	105,970	3,801
-	-	-	530,660
324,312	-	3,077,440	26,738
<u>488,042</u>	<u>4,617,077</u>	<u>20,441,660</u>	<u>4,157,142</u>
1,340,651	2,410,414	15,840,946	3,923,746
33,797	79,744	392,822	117,847
90,378	133,111	932,193	189,584
-	-	-	1,915,022
3,411,787	-	45,242,715	2,701
<u>4,876,613</u>	<u>2,623,269</u>	<u>62,408,676</u>	<u>6,148,900</u>
<u>5,364,655</u>	<u>7,240,346</u>	<u>82,850,336</u>	<u>10,306,042</u>
84,621	-	84,621	-
20,610	37,056	243,528	60,321
26,533	15,134	69,858	21,811
<u>131,764</u>	<u>52,190</u>	<u>398,007</u>	<u>82,132</u>
12,531,687	2,419,021	104,263,839	274,903
230,030	-	356,460	-
-	-	781,048	-
-	-	3,176,262	-
20,386,237	(163,717)	44,966,116	(8,415,520)
<u>\$ 33,147,954</u>	<u>\$ 2,255,304</u>	<u>\$ 153,543,725</u>	<u>\$ (8,140,617)</u>

City of Banning, California
Reconciliation of Net Position to the Statement of Net Position
Proprietary Funds
June 30, 2023

Net Position per Statement of Net Position - Proprietary Funds	\$ 153,543,725
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds.	(3,184,854)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds.	<u>(1,517,989)</u>
Net Position per Statement of Net Position	<u><u>\$ 148,840,882</u></u>

City of Banning, California
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Operating Revenues		
Sales and service charges	\$ 12,107,023	\$ 31,286,002
Miscellaneous	41,664	32,024
Total operating revenues	<u>12,148,687</u>	<u>31,318,026</u>
Operating Expenses		
Salaries and benefits	2,146,615	4,754,296
Supplies and services	5,022,056	4,819,636
Repairs and maintenance	79,192	66,583
Street lighting costs	-	145,275
Power purchased	-	21,914,811
Insurance premiums	-	-
Depreciation expense	1,672,805	2,243,150
Total operating expenses	<u>8,920,668</u>	<u>33,943,751</u>
Operating Income (Loss)	<u>3,228,019</u>	<u>(2,625,725)</u>
Nonoperating Revenues (Expenses)		
Intergovernmental	1,984,405	213,974
Interest revenue and change in fair value of investments	270,365	261,390
Interest expense	(751,722)	(1,053,586)
Gain (loss) on disposal of capital assets	23,213	2,092
Total nonoperating revenues (expenses)	<u>1,526,261</u>	<u>(576,130)</u>
Income (Loss) before Transfers and Capital Contributions	4,754,280	(3,201,855)
Capital Contributions	2,373,208	3,322,330
Transfers In	16,174	339,589
Transfers Out	<u>(470,000)</u>	<u>-</u>
Changes in Net Position	6,673,662	460,064
Net Position - Beginning of Year	59,030,405	51,708,181
Prior Period Adjustment	<u>(19,183)</u>	<u>287,338</u>
Net Position - Beginning of Year As Restated	<u>59,011,222</u>	<u>51,995,519</u>
Net Position - End of Year	<u>\$ 65,684,884</u>	<u>\$ 52,455,583</u>

City of Banning, California

Statement of Revenues, Expenses and Changes in Fund Net Position (Continued)

Proprietary Funds

Year Ended June 30, 2023

Business-Type Activities Enterprise Funds			Governmental Activities
Banning Utility Authority Wastewater	Other Enterprise Funds	Totals	Internal Service Funds
\$ 5,029,168 1	\$ 1,316,327 20,290	\$ 49,738,520 93,979	\$ 7,532,531 23,273
5,029,169	1,336,617	49,832,499	7,555,804
872,363	1,714,682	9,487,956	2,695,610
2,040,325	1,205,334	13,087,351	4,410,295
57,784	11,845	215,404	527,899
-	-	145,275	-
-	-	21,914,811	-
-	-	-	2,781,455
727,353	285,836	4,929,144	35,538
3,697,825	3,217,697	49,779,941	10,450,797
1,331,344	(1,881,080)	52,558	(2,894,993)
-	1,826,806	4,025,185	-
193,518	70,869	796,142	27,943
(57,720)	-	(1,863,028)	(596)
-	11,091	36,396	109
135,798	1,908,766	2,994,695	27,456
1,467,142	27,686	3,047,253	(2,867,537)
722,435	-	6,417,973	-
3,693	112,857	472,313	2
(181,000)	(990,084)	(1,641,084)	-
2,012,270	(849,541)	8,296,455	(2,867,535)
31,003,409	7,320,880	149,062,875	(5,273,082)
132,275	(4,216,035)	(3,815,605)	-
31,135,684	3,104,845	145,247,270	(5,273,082)
\$ 33,147,954	\$ 2,255,304	\$ 153,543,725	\$ (8,140,617)

See Notes to Financial Statements

40

1179

AR027174

City of Banning, California
Reconciliation of Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	\$ 8,296,455
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds.	<u>(1,517,989)</u>
Changes in Net Position of Business-Type Activities per Statement of Activities	<u>\$ 6,778,466</u>

City of Banning, California

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Operating Activities		
Cash received from customers and users	\$ 12,087,456	\$ 29,287,945
Cash paid to suppliers for goods and services	(4,156,978)	(29,526,598)
Cash paid to employees for services	(2,246,774)	(5,081,511)
Net Cash Provided (Used) by Operating Activities	5,683,704	(5,320,164)
Noncapital Financing Activities		
Cash transfers in	16,174	339,589
Cash transfers out	(470,000)	-
Interfund borrowings	-	8,694,938
Intergovernmental	505,720	213,974
Net Cash Provided (Used) by Noncapital Financing Activities	51,894	9,248,501
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,300,923)	(10,006,291)
Capital contributions	2,373,208	3,322,330
Principal paid on capital debt	(1,226,836)	(1,393,256)
Interest paid on capital debt	(837,520)	(1,094,337)
Proceeds from sales of capital assets	23,213	2,092
Net Cash Used by Capital and Related Financing Activities	(4,968,858)	(9,169,462)
Investing Activities		
Collections of repayment on loan receivables	-	13,488
Issuance of notes and loans receivable	-	-
Payments made to SCPPA project stabilization fund	-	(271,013)
Interest received	219,662	238,838
Net Cash Used by Investing Activities	219,662	(18,687)
Net Change in Cash and Cash Equivalents	986,402	(5,259,812)
Cash and Cash Equivalents - Beginning of Year	27,493,868	7,236,637
Cash and Cash Equivalents - End of Year	\$ 28,480,270	\$ 1,976,825
Reconciliation to the Statement of Net Position		
Pooled Cash and Investments	\$ 28,353,840	\$ 119,474
Restricted Cash and investments	-	1,156,151
Restricted Cash with fiscal agent	126,430	701,200
Total Cash and Cash Equivalents	\$ 28,480,270	\$ 1,976,825

City of Banning, California
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2023

Business-Type Activities Enterprise Funds			Governmental Activities
Banning Utility Authority Wastewater	Other Enterprise Funds	Totals	Internal Service Fund
\$ 4,799,196	\$ 1,308,142	\$ 47,482,739	\$ 7,555,938
(2,077,831)	(1,235,445)	(36,996,852)	(6,932,098)
(884,129)	(1,731,932)	(9,944,346)	(2,788,537)
		-	
1,837,236	(1,659,235)	541,541	(2,164,697)
3,693	112,857	472,313	2
(181,000)	(990,084)	(1,641,084)	-
-	(5,075,930)	3,619,008	1,092,966
-	1,752,623	2,472,317	18,678
(177,307)	(4,200,534)	4,922,554	1,111,646
(1,024,950)	(133,279)	(16,465,443)	-
722,435	-	6,417,973	-
(420,950)	-	(3,041,042)	(22,821)
(65,165)	-	(1,997,022)	(596)
-	11,091	36,396	109
(788,630)	(122,188)	(15,049,138)	(23,308)
-	-	13,488	-
-	4,044	4,044	-
-	-	(271,013)	-
154,069	59,325	671,894	27,001
		-	
154,069	63,369	418,413	27,001
		-	
1,025,368	(5,918,588)	(9,166,630)	(1,049,358)
		-	
22,369,728	7,038,862	64,139,095	1,051,954
		-	
<u>\$ 23,395,096</u>	<u>\$ 1,120,274</u>	<u>\$ 54,972,465</u>	<u>\$ 2,596</u>
\$ 20,662,343	\$ 1,120,274	\$ 50,255,931	\$ 2,596
-	-	1,156,151	-
2,732,753	-	3,560,383	-
<u>\$ 23,395,096</u>	<u>\$ 1,120,274</u>	<u>\$ 54,972,465</u>	<u>\$ 2,596</u>

See Notes to Financial Statements

43

1182

AR027177

City of Banning, California
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 3,228,019	\$ (2,625,725)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Changes in Operating Assets and Liabilities		
Depreciation (expense)	1,672,805	2,243,150
(Increase) Decrease in Assets and Deferred Outflow of Resources		
Accounts receivable	(178,271)	(233,511)
Deposits receivable	-	115,569
Prepaid expense	(2,625)	196,499
Inventories	119,665	(2,108,638)
Deferred pension related items	(539,047)	(1,494,791)
Deferred OPEB related items	(17,338)	4,796
Increase (Decrease) in Liabilities		
Accounts payable	908,740	(1,937,834)
Accrued liabilities	14,297	37,271
Deposits payable	21,233	(679,730)
Unearned revenue	-	-
Net pension liability	1,096,987	3,015,708
Total OPEB liability	(12,425)	(157,996)
Claims and judgments	-	-
Compensated absences	16,911	90,577
Deferred pension related items	(655,880)	(1,803,067)
Deferred OPEB related items	10,633	17,558
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,683,704</u>	<u>\$ (5,320,164)</u>
Supplemental Disclosures of Noncash Investing and Financing Activity		
Financed purchase of capital asset with long-term debt	\$ -	\$ -
Amortization of Unamortized Premiums/Discounts	<u>125,339</u>	<u>152,816</u>
Amortization of Gain/Loss on Defeasance	<u>\$ (48,958)</u>	<u>\$ (117,627)</u>

City of Banning, California
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2023

Business-Type Activities Enterprise Funds			Governmental Activities
Banning Utility Authority Wastewater	Other Enterprise Funds	Totals	Internal Service Fund
\$ 1,331,344	\$ (1,881,080)	\$ 52,558	\$ (2,894,993)
727,353	285,836	4,929,144	35,538
(228,660)	(26,985)	(667,427)	(103,622)
-	-	115,569	-
(1,313)	(2,626)	189,935	(3,096)
-	1,136	(1,987,837)	106,852
(196,469)	(383,542)	(2,613,849)	(641,744)
(17,133)	217	(29,458)	(3,985)
17,523	430,284	(581,287)	27,998
2,617	12,999	67,184	870,097
138	(64,743)	(723,102)	-
-	(396,806)	(396,806)	-
456,058	819,965	5,388,718	1,334,767
(16,071)	(9,916)	(196,408)	(28,103)
-	-	-	(110,544)
7,990	31,143	146,621	22,373
(272,674)	(490,251)	(3,221,872)	21,811
26,533	15,134	69,858	(798,046)
<u>\$ 1,837,236</u>	<u>\$ (1,659,235)</u>	<u>\$ 541,541</u>	<u>\$ (2,164,697)</u>
\$ 577,049	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ 6,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Banning, California
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets		
Pooled cash and investments	\$ 530,962	\$ 71,660
Receivables		
Accounts	2,951	11,500
Notes and loans	-	250,155
Interest	439	-
Prepaid costs	-	185,340
Due from other governments	2,217	-
Restricted assets		
Cash and investments with fiscal agents	228,564	-
Total assets	765,133	518,655
Deferred Outflows of Resources		
Deferred charge on refunding	-	484,971
Liabilities		
Accounts payable	32	-
Accrued interest	-	293,907
Deposits payable	49,193	-
Long-term liabilities		
Bonds and loans payable due in one year	-	1,320,000
Bonds and loans payable due in more than one year	-	23,640,000
Total liabilities	49,225	25,253,907
Net Position		
Restricted for other organizations	715,908	-
Restricted for successor agency	-	(24,250,281)
Total net position	\$ 715,908	\$ (24,250,281)

City of Banning, California
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2023

	Custodial Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions		
Taxes	\$ 430,754	\$ 2,438,551
Interest and change in fair value of investments	1,757	-
Miscellaneous	-	1,500
Total additions	<u>432,511</u>	<u>2,440,051</u>
Deductions		
Administrative expenses	54,559	15,989
Community development	-	268,410
Principal payment	110,000	-
Interest expense	88,930	961,331
Total deductions	<u>253,489</u>	<u>1,245,730</u>
Change in Net Position	179,022	1,194,321
Net Position - Beginning of Year	536,886	(13,993,891)
Prior Period Adjustment	-	(11,450,711)
Net Position - Beginning of Year, as Restated	<u>536,886</u>	<u>(25,444,602)</u>
Net Position - End of Year	<u>\$ 715,908</u>	<u>\$ (24,250,281)</u>

Notes to Basic Financial Statements

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies

a. Description of the Report Entity

The City of Banning (the City) was incorporated in 1913 under the laws of the state of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), these financial statements present the City of Banning (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of Banning.

Blended Component Units

The Banning Wastewater Facilities Corporation (the Corporation) was organized at the request of the City in 1984 pursuant to the Nonprofit Public Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). In 1986, an amendment to its articles of incorporation changed the name of the Corporation to the Banning Public Facilities Corporation. It exists for the purposes of participating with the City of Banning in projects to improve the health, safety and welfare of the City and its residents, purchasing and leasing real and personal property in connection with such projects, and assisting the City in financing, acquiring and constructing such projects. It does not issue separate financial statements. The activity is presented as the Banning Utility Authority wastewater fund in these financial statements.

The Banning Utility Authority (Authority) is a joint powers authority which was established on July 12, 2005, pursuant to a Joint Exercise of Powers Agreement between the City of Banning and the former Redevelopment Agency of the City of Banning in accordance with the Joint Powers Law (Article 1 through 4 of Chapter 5, division 7, title 1 of the California Government code) for the purpose of assisting the City in operating the utility system. See Note 15 for details on the arrangement between the City and the Authority. Separate financial statements can be obtained at City Hall.

The City of Banning Financing Authority (the Authority) was formed by a joint exercise of powers agreement between the City of Banning and the former Banning Redevelopment Agency. It was established November 12, 2003, under Article 1 (commencing with Section 6500) of the Joint Powers Law of the State of California for the purpose of providing an entity to assist in providing financing for the City and the Agency. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements. There was no activity within the Authority for the fiscal year ended June 30, 2023.

The City of Banning Housing Authority was established on January 10, 2012 to accept the assets of the former Redevelopment Agency. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare and ensure decent, safe, sanitary and affordable housing accommodations to persons of low income. The Board consists of members of the City Council, which is substantively the same governing body of the City and management has operational responsibility for the Housing Authority. The housing assets and functions are reported in the Banning Housing Authority, a special revenue fund of the City. It does not issue separate financial statements.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The City reports the following major governmental fund:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

- The Banning Utility Authority Water Fund is used to account for the construction, operation, maintenance and consumption of water services within the City's water service area.
- The Electric Utility Fund is used to account for the costs of labor and materials used in the maintenance, construction and consumption of electric services throughout the City.
- The Banning Utility Authority Wastewater Fund is used to account for the costs of labor and materials, construction and consumption of wastewater services within the City's wastewater service area.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Capital Project Funds are used to account for capital project expenditures throughout the City.
- Internal Service Funds are used to account for the financing of goods or services provided by one department or agency for other departments or agencies of the City, or to other governments, on a cost reimbursement basis.
- Nonmajor proprietary funds are used to account for operation and maintenance of airport, transit and refuse services within the City.
- The Custodial Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's custodial funds account for assessments levied for debt service on bond issues which are not a debt of the City.
- The Private-purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Certain indirect costs are included in the program expense reported for individual functions and activities.

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Investments and Cash and Cash Equivalents
The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the fiscal year in which the change occurred. All investments have been stated at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The noncurrent portion of receivables related to revenue is set up as unavailable revenue and recognized as revenue when the receivables become available (collectible within 60 days of year-end). The noncurrent portion of loans and other receivables are offset by fund balance non spendable accounts. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Property taxes in the state of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Assessor of the County of Riverside for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies are limited to 1% of appraised value, which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as they exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10, and the second is due on January 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payment.

Tax Levy Apportionments are due to the nature of the citywide maximum levy. It is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979. Property Tax Administration Fees for the state of California fiscal year 1990-1991 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

Inventories and Prepaid Items
Inventories of materials and supplies (if material) are carried at cost on a first-in, first-out (FIFO) basis. The City uses the consumption method of accounting for inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital and Right to Use Assets
Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

1193

53

Right to use leased assets with an initial, individual cost of more than \$25,000 (\$5,000 in prior years) are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets with an initial, individual cost of more than \$25,000 are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects as constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Building and Structures	20 to 50 Years
Improvements	15 to 25 Years
Machinery and Equipment	3 to 25 years
Vehicles	5 to 10 Years
Infrastructure	40 to 50 Years
Airport Master Plan	10 to 20 Years
Utility Plant	20 to 60 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government currently has three items that qualify for reporting in this category.

The first item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The second are deferred outflows relating to the net pension obligation reported in the statement of net position. These outflows are due to the following: contributions made subsequent to the measurement date of the net pension liability, which are deferred and recognized against the respective liabilities in the following year and differences between expected and actual experiences, and the difference between actual contributions made and the proportionate share of the risk pool's total contributions which is deferred and amortized over the expected average remaining service life.

The third are deferred outflows relating to the OPEB obligation reported in the statement of net position. These outflows are due to the following: contributions made subsequent to the measurement date of the net OPEB liability, which are deferred and recognized against the respective liabilities in the following year and change in assumption which is amortized over the expected average remaining service life.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government currently has three items that qualify for reporting in this category.

The first item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources, such as, taxes, grant revenues, and long-term receivables.

The second item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The third item is in relation to the net pension obligation reported in the statement of net position. These inflows are either the net difference between projected and actual earnings on pension plan investments is deferred and will be recognized as a portion of pension expense in future years over a five year amortization period, and the results of differences between expected and actual experiences, difference between actual contributions made and the proportionate share of the risk pool's total contributions and adjustments due to change in proportions which are deferred and amortized over the expected average remaining service life.

Unearned Revenue

Governmental funds and governmental activities report unearned revenues on the balance sheet in connection with resources that have been received, but not yet earned. Accordingly, this type of unearned revenue is also reported on the Statement of Net Position. At June 30, 2023, unearned revenue primarily consisted of \$4,067,478 relating to ARPA and \$4,070,052 as refundable franchise retention fees within the refuse utility fund. With regard to the franchise retention fee, the City entered into an agreement in a prior year with Waste Management and received an upfront payment totaling \$4,500,000 that is refundable over a 20-year term and dependent upon compliance with the terms of the agreement. Revenue is recognized straight-line through July 2041.

Compensated Absences

Compensated absences are the amounts due to employees for future absences that are attributable to services already rendered. The City has determined that no current liability exists for compensated absences at the fund level; therefore, the liability for governmental activities is shown only in the government-wide statements. For proprietary funds the liability for compensated absences, if any, is segregated between short-term and long term as indicated above and both portions are reflected in the fund involved. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness or upon termination. Compensatory time, personal leave, executive leave and holiday pay are payable at the time leave is taken or upon termination. The vested portion of these compensated absences is accrued in the government-wide statements and is also accrued in proprietary funds at year-end.

The following are summaries of the City's compensated leave policies:

Compensatory Time/Personal Leave/Executive Leave

Compensatory time for Police employees up to 240 hours, Utility and General employees up to 160 hours, and Nonexempt Managers up to 240 hours.

Exempt Managers receive 98 hours of personal leave per year that may be accrued up to 192 hours.

The City Manager receives 48 hours and Department Directors receive 98 hours of executive leave annually that may be accrued up to 200 hours.

General and Utility employees have an Irrevocable Comp Time Leave Cash-Out. They may cash out up to 80 hours of compensatory time, or vacation, or any combination. Election must be made by 12/31 for the May and November.

Nonexempt and Exempt Management employees may cash out 60 hours of compensatory time per year. Police employees may elect to cash out 80 hours of personal leave per year. The City Manager and Department Directors may cash out 48 and 98 hours, respectively, of executive leave per year.

All compensatory time/personal leave/executive leave is payable to employees upon termination at the rate of pay at termination.

Sick Leave

Police employees accrue sick leave without limit. Each employee may be eligible to convert up to 40 hours of unused sick leave to vacation each year, and after 10 years of service to the City, each employee, upon voluntary separation or involuntary disability, shall be eligible to be paid 40% of accrued sick leave.

Management employees, Utility personnel and General employees will accrue sick leave up to a cap of 400 hours. Upon separation, service retirement, disability retirement or termination, after 10 years of service, Utility and General personnel may receive a cash payment for 30% of all unused sick leave or contribute the entire remaining balance of sick leave to the employee's 457 Deferred Compensation Account (subject to Internal Revenue Service maximum contributions provided by law) or City's Retiree Medical Savings Account.

Upon separation, service retirement, disability retirement or termination, Management employees shall be eligible to receive a cash payment for accrued sick leave in an amount not to exceed 96 hours. After 10 years of continuous City service, all hours accrued, less the total hours cashed out, shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave. Beginning with the 11th year of service, all Management, Utility, and General employees, as well as Police employees, have the option to convert their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

The City Manager and Department Directors shall accrue sick leave to a maximum of 480 hours and may receive an annual sick leave pay off of up to 96 hours, in excess of 40 hours. Upon separation, the City Manager shall receive payment for all sick hours accrued. Upon separation, service retirement, disability retirement or termination, Department Directors shall receive payment for all sick hours accrued.

Police Management employees will accrue sick leave up to a cap of 320 hours. Annually, employees may receive a 96-hour sick leave pay off or convert hours to deferred compensation but will not be able to cash out sick leave below 40 hours. Upon separation, service retirement, disability retirement, or termination, an employee may receive a cash payment for a maximum of 96 hours. Beginning the 10th year of continuous City service, all hours accrued shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave. Beginning with the 11th year of service, unit members may convert 50% of their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

Police employees accrue hours according to schedules set forth in a memorandum of understanding. After one year of employment, each employee is eligible to be paid for accrued vacation. Maximum accrual for vacation is 320 hours and 336 hours for non-supervisory and supervisory personnel, respectively. Holiday leave accrues at a rate of 3.38 per pay period to a maximum of 160 hours and can be cashed out entire bank anytime during the fiscal year. At termination, holiday leave is 100% paid out and after one year of continuous full-time service, employees shall be paid for 100% of accrued vacation leave.

Vacation and Holiday Leave

Vacation leave accrues up to a maximum of 320 hours. Upon termination, all union personnel with at least six months service will be paid for all accrued hours.

The City Manager and Department Directors accrual for vacation is 480 hours and have a cap of 480 hours. Upon termination, the City Manager and Department Directors shall be entitled to be paid for the entire amount of holiday time accrued. Upon separation, the employee shall be entitled to 100% of the unused vacation leave bank. Police Management will accrue vacation leave up to a cap of 320 hours. Upon separation, the employee shall be entitled to 100% of the unused vacation leave. Police Management shall accrue holiday hours up to the cap of 96 hours. Upon separation, the employee shall be entitled to 100% of the unused holiday leave bank.

Management employees accrue vacation and holiday leave in accordance with schedules set forth in a memorandum of understanding. Vacation accrues to a limit of 320 hours. All accrued vacation and holiday leave shall be paid upon termination up to a maximum of 320 hours for vacation and an unlimited amount of hours for holiday, after six months of service.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of any lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the pension plans fiduciary net positions and additions to/deductions from the pension plans fiduciary net positions have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. These amounts are payable from future resources and, therefore, have been recorded in the statement of net position. Annual required contributions are recorded as expenditures in the related funds when due. Pension liabilities are liquidated from the related employees' home programs, with majority funded out of General Fund and Enterprise Funds. See Note 11 for more information.

Other Post-Employment Benefit Liability

The City's defined benefit OPFB plan allows employees at retirement to continue participating in City medical plans with payment of the full premium until age 65. The Plan is a single-employer defined benefit OPFB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The General Fund and Enterprise Funds are generally used to liquidate the OPFB liability. See Note 12 for more information.

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Flow Assumptions
Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Emergency Contingency – City Council has determined the specific purposes for which this may be used for are local disasters, recessions or other financial hardships; to subsidize unforeseen operating or capital needs; and cash flow requirements.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The City Manager or Deputy City Manager are authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

f. Use of Estimates

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription Based Information Technology (IT Arrangements) (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was no effect on beginning net position as a result of implementation. The additional disclosures required by this standard are included in Notes 4 and 8.

e. Implementation of GASB Statement No. 96

Fund			Type	Amount
Gas Tax Street			Governmental	\$ 145,385
Community Development Block Grant			Governmental	49,534
State Park Bond Act			Governmental	89
Animal Control Reserve			Governmental	86
Transit Fund			Proprietary	1,121,806
Self Insurance			Proprietary - ISF	5,330,487
Information Services			Proprietary - ISF	1,162,591
Utility Billing Services			Proprietary - ISF	1,803,511
Successor Agency of the Former RDA			Fiduciary	24,250,281

Fund Balance Deficits
The following nonmajor funds contained a deficit fund balance:

Note 2 - Cash and Investments

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 16,734,063
Business-Type Activities	58,148,727
Fiduciary Funds	831,186
Total cash and investments	\$ 75,713,976
Petty Cash	\$ 4,058
Deposits with Financial Institutions	9,903,282
Investments	62,630,374
Investment in SCPA Rate Stabilization Fund	3,176,262
Total cash and investments	75,713,976

The City of Banning maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2023, the carrying amount of the City's deposits was \$9,903,282, and the bank balance was \$9,942,270. The \$38,988 difference represents outstanding checks, deposits and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investment Type	Amount	Minimum Legal Rating	AAA	AA+	Rating as of year-end A+	A-1	Not Rated
Federal Agency Securities	\$ 14,296,800	N/A	\$ -	\$ 14,296,800	\$ -	\$ -	\$ -
Local Agency Investment Fund	30,977,844	AAA or highest	-	-	-	-	30,977,844
Money Market Mutual Funds	30,487	rating	30,487	-	-	-	-
Commercial Paper	588,960	A or higher	-	-	-	588,960	-
Corporate	1,933,664	A or higher	-	-	1,933,664	-	-
U.S. Treasury	2,620,172	N/A	-	2,620,172	-	-	-
Held by Fiscal Agents	12,182,447	N/A	-	-	-	-	12,182,447
Money Market Mutual Funds	62,630,374		30,487	\$ 16,916,972	\$ 1,933,664	\$ 588,960	\$ 43,160,291
Total Investments							

Credit Risk
 Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual Standard & Poor's rating as of year-end for each investment type.

Investment in SCPFA Project Stabilization Fund
 The City has investments held with the Southern California Public Power Authority, a Joint Powers Authority, in a Project Stabilization Fund for future joint projects. At June 30, 2023, the balance held by SCPFA in the Project Stabilization Fund was \$3,176,262.

Investments in State Investment Pool
 The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

Investments Authorized by Debt Agreements
 The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investments
 Under provision of the City's investment policy, the City is authorized to invest in investments allowed by Government Code of the State of California. From these permitted investments, the City's investment officials shall determine those investment types that best meet the needs and abilities of the City. Maximum maturity period for any portion of invested operating moneys shall not exceed five years per California Government Code.

1202

62

Investment Type	1 Year	1 to 3	3 to 5	5 Years	Fair Value
Federal Agency Securities	\$ -	\$ 11,499,321	\$ 2,797,479	\$ -	\$ 14,296,800
Local Agency Investment Fund	30,977,844	-	-	-	30,977,844
Money Market Mutual Funds	30,487	-	-	-	30,487
Commercial Paper	588,960	-	-	-	588,960
Corporate	-	1,933,664	-	-	1,933,664
U.S. Treasury	2,129,620	490,552	-	-	2,620,172
Held by Fiscal Agents	12,182,447	-	-	-	12,182,447
Money Market Mutual Funds	12,182,447	-	-	-	12,182,447
Total investments	\$ 45,909,358	\$ 13,923,537	\$ 2,797,479	\$ -	\$ 62,630,374

Remaining Investment Maturities

Interest Rate Risk
 The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2023, the City had the following investments and maturities:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Security	\$ 11,545,188

Concentration of Credit Risk
 The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB Statement No. 40 requires a separate disclosure if any single issuer comprised more than 5% of the total investment value. The investments issued or explicitly guaranteed by the US government and investments in mutual money market funds and external investment pools are excluded from this requirement. Reportable investments in any one issuer that represent five percent or more of the City's total investments as of June 30, 2023 are as follows:

Custodial Credit Risk
 The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
 As of June 30, 2023, a total of \$8,292,792 of deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts, but not in the name of the City.

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in governmental investment pools, such as LAF, are made on the basis of \$1 and not at fair value.

The City has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Totals	Uncategorized	Level 1	Level 2	Level 3
Federal Agency Securities	\$ 14,296,800	\$ -	\$ -	\$ 14,296,800	\$ -
Local Agency Investment Fund	30,977,844	30,977,844	-	-	-
Money Market Mutual Funds	30,487	-	30,487	-	-
Commercial Paper	588,960	-	-	588,960	-
Corporate	1,933,664	-	-	1,933,664	-
U.S. Treasury	2,620,172	-	-	2,620,172	-
Held by Fiscal Agent	-	-	-	-	-
Money Market Mutual Funds	12,182,447	-	12,182,447	-	-
Total Investments	\$ 62,630,374	\$ 30,977,844	\$ 12,212,934	\$ 19,439,596	\$ -

Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

Note 3 - Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds		Due to Other Funds	
Funds	Nonmajor Governmental Funds	Internal Service Funds	Total
Due from Other Funds	\$ 1,869,623	\$ -	\$ 3,458,704
General Fund			
Other Governmental Funds	2,271,693	-	6,065,258
Other Enterprise Funds	-	174,557	5,075,930
Internal Service Funds	-	615,506	615,506
	\$ 4,141,316	\$ 2,379,144	\$ 15,215,398
	\$ 8,694,938	\$ -	\$ -
Electric	3,793,565	-	-
Utility	4,901,373	-	-
	-	615,506	615,506
	\$ 8,694,938	\$ 2,379,144	\$ 15,215,398

The interfund balances were the results of routine interfund transactions not cleared prior to year-end and short-term negative cash balances.

Interfund Transfers

Transfers In:												Totals	
Funds		General Fund		BUA Water Fund		BUA Wastewater Fund		Nonmajor Governmental Funds		Other Enterprise Funds			

Transfers out of the General Fund to BUA Water Fund, BUA Wastewater Fund, Nonmajor Governmental Funds and Nonmajor Enterprise are to pay certain costs incurred for special projects. Transfers out of the BUA Water Fund and BUA Wastewater Fund to General Fund were pursuant to an agreement between the City and Authority. See note 15 for additional details regarding the agreement. Transfers out of Nonmajor Governmental Funds to General fund and Electric Fund were for payment of eligible grant expenditures.

Note 4 - Changes in Capital Assets

Capital asset activity for the year ended June 30, 2023, is as follows:

Governmental Activities	Beginning Balance, as Restated, (Note 18)	Increases	Decreases	Transfers/Adjustments	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 9,438,620	\$ -	\$ -	\$ -	\$ 9,438,620
Construction in progress	4,470,154	591,509	-	(3,857,221)	1,204,442
Total capital assets not being depreciated	13,908,774	591,509	-	(3,857,221)	10,643,062
Capital Assets Being Depreciated					
Buildings and structures	26,133,515	181,727	-	-	26,315,242
Land improvements	14,511,589	-	-	-	14,511,589
Machinery and equipment	6,915,474	34,503	(115,814)	132,308	6,966,471
Vehicles	3,912,712	1,080,322	(57,426)	75,967	5,011,575
Utility Plant	1,927,413	-	-	-	1,927,413
Infrastructure	137,383,420	3,598,488	-	3,648,946	144,630,854
Total capital assets being depreciated	190,784,123	4,895,040	(173,240)	3,857,221	199,363,144
Less Accumulated Depreciation					
Buildings and structures	19,661,719	871,480	(108,681)	-	20,424,518
Land improvements	7,755,257	622,541	-	-	8,377,798
Machinery and equipment	6,175,465	104,255	-	-	6,279,720
Vehicles	3,547,150	216,057	(39,286)	-	3,723,921
Utility Plant	554,992	12,470	-	-	567,462
Infrastructure	85,283,674	4,349,329	-	-	89,633,003
Total accumulated depreciation	122,978,257	6,176,132	(147,967)	-	129,006,422
Total capital assets, being depreciated, net	67,805,866	(1,281,092)	(25,273)	3,857,221	70,356,722
Right to Use Lease Assets Being Amortized					
Buildings and structures	-	799,982	-	-	799,982
Machinery and equipment	43,441	-	(14,450)	-	28,991
Vehicles	483,992	-	(17,975)	-	466,017
Total Right to Use Lease Assets being Amortized	527,433	799,982	(32,425)	-	1,294,990
Less Accumulated Amortization for Right to Use Lease Assets	112,258	263,827	(25,278)	-	350,807
Right to Use Lease Assets, being amortized, net	415,175	536,155	(7,147)	-	944,183
Right to Use Subscription IT Assets,					
Being Amortized	-	106,550	-	-	106,550
Less Accumulated Amortization for Right to Use Subscription IT Assets	-	34,472	-	-	34,472
Right to Use Subscription IT, Assets being amortized, net	-	72,078	-	-	72,078
Governmental Activities Capital Assets, Net	\$ 82,129,815	\$ (81,350)	\$ (32,420)	\$ -	\$ 82,016,045

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Depreciation and amortization expense was charged to governmental functions as follows:	
General Government	\$ 499,666
Public Safety	944,758
Community Development	315,520
Transportation	4,293,402
Culture and Leisure	385,547
Internal Service Fund	35,538
Total depreciation/amortization Expense - governmental activities	\$ 6,474,431

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 5,615,491	\$ 252,193	\$ -	\$ -	\$ 5,867,684
Construction in progress	16,166,975	8,956,972	(1,498,621)	(4,206,045)	19,419,281
Total capital assets not being depreciated	21,782,466	9,209,165	(1,498,621)	(4,206,045)	25,286,965
Capital Assets Being Depreciated					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	546,084	12,751	-	375,428	934,263
Land improvements	5,100,459	-	-	4,221,783	9,322,242
Machinery and equipment	4,084,386	2,465,746	(124,092)	8,740,761	15,166,801
Utility plant	198,410,915	6,752,295	-	(9,103,125)	196,060,085
Total capital assets being depreciated	208,180,719	9,230,792	(124,092)	4,234,847	221,522,266
Less Accumulated Depreciation					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	797,305	10,353	-	-	807,658
Land improvements	6,476,418	366,626	-	-	6,843,044
Machinery and equipment	8,144,756	1,359,257	(118,982)	28,802	9,413,833
Utility plant	79,903,423	3,064,212	-	-	82,967,635
Total accumulated depreciation	95,360,777	4,800,448	(118,982)	28,802	100,071,045
Total capital assets being depreciated, net	112,819,942	4,430,344	(5,110)	4,206,045	121,451,221
Right to Use Lease Assets Being Amortized					
Machinery and equipment	49,679	-	-	-	49,679
Vehicles	555,756	-	-	-	555,756
Total Right to Use Lease Assets being Amortized	605,435	-	-	-	605,435
Less Accumulated Amortization for Right to Use Lease Assets	116,147	122,573	-	-	238,720
Right to Use Lease Assets, being amortized, net	489,288	(122,573)	-	-	366,715
Right to Use Subscription IT Assets, Being Amortized	-	107,158	-	-	107,158
Less Accumulated Amortization for Right to Use Subscription IT Assets	-	6,123	-	-	6,123
Right to Use Subscription IT, Assets being amortized, net	-	101,035	-	-	101,035
Business-Type Activities Capital Assets, Net	\$ 135,091,696	\$ 13,617,971	\$ (1,503,731)	\$ -	\$ 147,205,936

General Fund	\$ 2,291,827	Receivable	\$ 13,974,340	Total	\$ 12,024,834
Nonmajor Governmental	304	Gross	128,062	Nonmajor for Proprietary	119,666
Internal Service Funds	161,811		1,151,522	Wastewater	956,879
Water	2,787,793		7,453,021	Electric	6,438,472
Water	(530,204)		(1,014,549)		2,257,589
	-		-		161,811
	-		-		304
	\$ (201,714)	Accounts	\$ (1,949,506)		\$ 2,090,113
	Allowance	for Doubtful			Net
					Receivable

respective allowances are as follows:

Accounts receivables are shown net of applicable allowances for doubtful accounts. The accounts receivable and

Note 5 - Accounts Receivable

Banning Utility Authority Water	\$	1,672,805
Electric Utility		2,243,150
Banning Utility Authority Wastewater		727,353
Airport		196,005
Transit		82,411
Refuse Utility		7,420
Total depreciation/amortization Expense - business-type activities	\$	4,929,144

Depreciation and amortization expense was charged to business-type functions as follows:

On August 14, 2001, the City of Banning adopted Resolution 2001-85, approving the Utility Services Agreement between the City of Banning and the City of Riverside. Under this agreement, the City of Riverside shall provide scheduling, dispatching and other related electric utility services to the City. The implementation of this agreement required the payment of a refundable deposit by the City of Banning to the City of Riverside. This amount is shown as restricted cash and investments in the Electric Utility Fund totaling \$1,151,478 as of June 30, 2023.

Note 7 - Deposits with Other Agencies

Owner's Participation Loan		
Assistance Loans		
Rehabilitation Loans		
Employee Loans		
Total loans available		
\$	500,000	
	220,000	
	19,937	
	36,088	
\$	776,025	
Balance at		June 30, 2023

The City has entered into various loan agreements relating to owner's participation agreements, developer loans, the first-time home buyer loan program, the rehabilitation loan program, and various other loans receivable. The owner's participation agreement was entered into March 2011 for \$500,000, has a term of 55 years, matures March 2066, and is forgivable. The assistance loans consist of first-time homebuyer loans for 30 years that range in maturity from 2038 to 2039 and are forgivable. The following summarizes the loans outstanding at June 30, 2023:

Note 6 - Loans Receivable

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Year Ending June 30,		Principal		Interest		Totals	
2024	\$	646,181	\$	4,459	\$	650,640	\$
2025		188,252		2,731		190,983	
2026		138,927		1,512		140,439	
2027		103,496		962		104,458	
2028		95,047		625		95,672	
2029-2033		191,023		318		191,341	
Total	\$	1,362,926	\$	10,607	\$	1,373,533	

The annual requirements to amortize the lease liabilities as of June 30, 2023, including interest, are as follows:

Lease Liability

The City has entered into various lease agreements for the use of vehicles and equipment. As of June 30, 2023, the value of the lease liabilities were \$1,362,926. The City is required to make principal and interest payments through July 2029 with annual payments ranging from \$1,422 to \$296,926. The lease liability was valued using discount rates between 1.35% and 4.25% which were the City's incremental borrowing rate at the inception of the lease liabilities. The total right to use lease assets, and the related accumulated amortization on the right to use lease assets was \$1,294,990 and \$350,807, as of June 30, 2023, respectively.

Governmental Activities

Governmental Activities	Beginning Balance		Incurred		Retired		Ending Balance		Due Within One Year	
		\$		\$		\$		\$		\$
Governmental Activities	Balance	389,729	1,123,513	150,316	1,362,926	77,830	646,181	36,549		
Direct Borrowing										
Lease Liability										
SBITA Liability										
Total		389,729	1,230,063	179,036	1,440,756	682,730				
Business-Type Activities										
Direct Borrowing										
Lease Liability										
Financial Purchase										
Bonds Payable										
2015 Electric Refunding Bond		23,615,000	-	1,335,000	22,280,000	1,400,000				
2015 Water Revenue Bond		19,425,000	-	1,130,000	18,295,000	1,185,000				
2019 Wastewater Refunding Bond		3,580,000	-	225,000	3,355,000	230,000				
Premium		3,984,316	-	278,155	3,706,161	-				
Total		51,062,303	577,049	3,319,197	48,320,155	3,077,440				

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2023:

Note 8 - Long-Term Debt

SBTA Liability

The City has entered into two IT agreements for use of IT software, platforms, and infrastructure. As of June 30, 2023, the value of the IT liabilities were \$77,830. The City is required to make principal and interest payments through August 2025 with annual payments ranging from \$41,138 to \$62,146. The IT liability was valued using discount rates between 5.27% and 6.69% which were the City's incremental borrowing rate at the inception of the IT liabilities. The total right to use IT assets, and the related accumulated amortization on the right to use IT assets was \$106,550 and \$34,472, as of June 30, 2023, respectively.

The annual requirements to amortize the SBTA liabilities as of June 30, 2023, including interest, are as follows:

Year Ending June 30,			
Principal			
Interest			
Totals			
2024	\$	4,589	\$
2025	\$	2,325	\$
Total	\$	6,914	\$

Business-Type Activities

Lease Liability

The City has entered into various lease agreements for the use of vehicles and equipment. As of June 30, 2023, the value of the lease liabilities were \$302,895. The City is required to make principal and interest payments through February 2026 with annual payments ranging from \$1,987 to \$10,097. The lease liability was valued using discount rate 1.35% which was the City's incremental borrowing rate at the inception of the lease liabilities. The total right to use lease assets, and the related accumulated amortization on the right to use lease assets was \$605,437 and \$238,720, as of June 30, 2023, respectively.

The annual requirements to amortize the lease liabilities as of June 30, 2023, including interest, are as follows:

Year Ending June 30,			
Principal			
Interest			
Totals			
2024	\$	2,614	\$
2025	\$	1,048	\$
2026	\$	145	\$
Total	\$	3,807	\$

Financed Purchase

On September 28, 2022, the Banning Utility Authority entered into a financed purchase agreement to purchase a vector truck for wastewater operations. The financed purchase bears an interest rate of 4.50%. Interest is payable annually on September 28. The annual requirements to amortize the outstanding financed purchase as of June 30, 2023, including interest, are as follows:

Year Ending June 30,			
Principal			
2024	\$ 94,312	\$ 962	\$ 95,274
2025	94,619	656	95,275
2026	94,940	335	95,275
2027	97,228	-	97,228
Total	\$ 381,099	\$ 1,953	\$ 383,052

2015 Water Enterprise Revenue Bonds, Refunding and Improvement Projects

On August 19, 2015, the Banning Utility Authority issued \$25,365,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The proceeds of the bonds, together with other money being made available by the Authority, will be used to (i) finance certain capital improvements to the Water Enterprise; (ii) refund a portion of the Authority's \$35,635,000 Water Enterprise Revenue Bonds, Refunding and Improvement Projects, 2005 Series, currently outstanding in the aggregate principal amount of \$29,165,000; and (iii) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2005 Water Revenue Bonds, which have been removed from long-term debt. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2023, including interest, are as follows:

Year Ending June 30,			
Principal			
2024	\$ 1,185,000	\$ 773,688	\$ 1,958,688
2025	1,240,000	713,063	1,953,063
2026	1,305,000	649,438	1,954,438
2027	1,370,000	582,563	1,952,563
2028	1,440,000	526,713	1,966,713
2029 to 2033	8,065,000	1,706,106	9,771,106
2034 to 2035	3,690,000	139,500	3,829,500
Total	\$ 18,295,000	\$ 5,091,071	\$ 23,386,071

Pledged Revenue

The City pledged, as security for bonds issued, the net water revenues to the payment of the bonds. This is calculated by deducting gross water revenues in each fiscal year from the amounts required for operation and maintenance of the water enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was \$6,673,663. Principal and interest paid for the current year were \$1,961,563. The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

2015 Electric Revenue Refunding Bonds

On August 19, 2015, the Banning Financing Authority issued \$31,755,000 in Refunding Revenue Bonds (Electric System Project). The proceeds of the bond, together with other money being made available by the Authority, will be used to (i) refund the Authority's \$45,790,000 Revenue Bonds (Electric System Project) Series 2007, currently outstanding in the amount of \$34,270,000; (ii) finance certain improvements (the Facilities) to the electric system of the City of Banning; (iii) pay the insurance premium for the Bonds; (iv) purchase a reserve surety bond for the Bonds; and (v) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2007 Electric Revenue Bonds, which have been removed from long-term debt. The 2015 Electric Enterprise Revenue Bonds bear interest at rates ranging from 3.00% to 5.00%. Interest is payable semi-annually on June 1 and December 1.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2023, including interest, are as follows:

Year Ending June 30,		Principal		Interest		Totals	
2024	\$	1,400,000	\$	1,023,044	\$	2,423,044	
2025	\$	1,470,000		953,044		2,423,044	
2026		1,545,000		879,544		2,424,544	
2027		1,620,000		802,294		2,422,294	
2028		1,705,000		721,294		2,426,294	
2029 to 2033		8,515,000		2,661,238		11,176,238	
2034 to 2037		6,025,000		771,750		6,796,750	
Total	\$	22,280,000	\$	7,812,208	\$	30,092,208	

Pledged Revenue
The City pledged, as security for bonds issued, the net electric revenues to the payment of the bonds. This is calculated by deducting gross electric revenues in each fiscal year the amounts required for operation and maintenance of the electric enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was \$3,569,731. Principal and interest paid for the current year were \$2,424,794. The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

2019 Wastewater Enterprise Refunding Revenue Bonds

On October 8, 2019, the Banning Utility Authority issued the 2019 Wastewater Enterprise Refunding Revenue Bonds. The proceeds of the bond, together with other money being made available by the Authority, will be used to (i) refund the Authority's 2005 \$7,100,000 Wastewater Revenue Bonds, currently outstanding in the amount of \$4,585,000; (ii) finance certain improvements (the Facilities) to the Wastewater System of the City of Banning; (iii) and to refinance certain obligations of the Authority. The 2019 Wastewater Enterprise Refunding Revenue Bonds bear interest of 1.80%. Interest is payable semi-annually on May 1 and November 1, commencing May 1, 2020. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2023, including interest, are as follows:

Year Ending June 30,		Principal		Interest		Totals	
2024	\$	230,000	\$	58,320	\$	288,320	
2025		235,000		54,135		289,135	
2026		240,000		49,860		289,860	
2027		245,000		45,495		290,495	
2028		250,000		41,040		291,040	
2029 to 2033		1,315,000		135,585		1,450,585	
2034 to 2036		840,000		22,860		862,860	
Total	\$	3,355,000	\$	407,295	\$	3,762,295	

Pledged Revenue

The City pledged, as security for bonds issued, all surplus revenues from the fund. For the current year, revenue recognized for the payment of indebtedness incurred was \$2,252,212. Principal and interest paid for the current year were \$287,415.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

Note 9 - Compensated Absences

As described in Note 1, under certain circumstances and accordingly to the negotiated labor agreements, City employees are allowed to accumulate annual leave. The annual leave amount is accrued and accounted for as compensated absences in the government-wide and proprietary fund statements. As shown in the table below, for governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2023, was \$1,608,129 which includes \$193,385 recorded in the internal service funds. These amounts are payable from future resources and, therefore, have been recorded in the statement of net position. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used. For enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$1,038,163.

Plan Description – City Miscellaneous Plan

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Deferred outflows		Deferred inflows		Net pension liability	
\$	8,531,816	\$	462,430	30,079,956	
			4,046,059	19,613,637	
	\$ 8,119,167				
CalPERS		CalPERS		Safety	
Miscellaneous		Total			
		\$	16,650,983	4,508,489	49,693,593

The City participates in the California Public Employees' Retirement System (CalPERS) with both a miscellaneous and safety plan. A summary of pension amounts for the City's plans at June 30, 2023, is presented below:

Note 11 - City Employees Retirement Plan (Defined Benefit Pension Plan)

AD 2004-1	\$	2,898,000	\$	1,690,000
		Amount		Outstanding
		of issue		June 30, 2023

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915, as well as the Mello-Roos Community Facilities District Act, are liabilities of the property owners and are secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds are shown in the financial statements of the City.

Note 10 - Assessment District and Community Facilities District Bonds

	Balance		Additions		Deletions		June 30, 2023		Amounts Due Within One Year		Amounts Due In More Than One Year	
Governmental Activities	\$	1,454,829	\$	1,048,219	\$	894,919	\$	1,608,129	\$	989,219	\$	618,910
Business-Type Activities	\$	891,542	\$	851,365	\$	704,744	\$	1,038,163	\$	105,970	\$	932,193

Plan Description – City Safety Plan

The City of Banning Safety Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). All qualified safety employees are eligible to participate in the City's Safety (Police and Fire) Plan. Benefit provisions under the Safety Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

Miscellaneous Plan					
Hire Date	Prior to January 1, 2013*	On/after January 1, 2013			
Benefit Formula	2.5% at Age 55	2.2% at Age 62			
Benefit Vesting Schedule	5 Years of Service	5 Years of Service			
Benefit Payments	Monthly for Life	Monthly for Life			
Retirement Age	Age 50	Age 52			
Monthly Benefits, as a Percentage of Eligible Compensation	2.00% to 2.50%	1.00% to 2.50%			
Required Employer Contribution Rates	7.460%	7.000%			
Normal Cost Rate	9.42%	7.19%			
Payment of Unfunded Liability	\$ 2,291,664	\$ -			
*Closed to new entrants not previously in CalPERS					
Safety Cost-Sharing Plan					
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	On/after January 1, 2013		
Benefit Formula	3% at Age 55	2% at Age 50	2.7% at Age 57		
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service		
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life		
Retirement Age	Age 50	Age 50	Age 57		
Monthly Benefits, as a Percentage of Eligible Compensation	3.000%	3.000%	3.000%		
Required Employer Contribution Rates	8.990%	8.942%	7.000%		
Normal Cost Rate	25.64%	19.87%	13.66%		
Payment of Unfunded Liability	\$ 1,355,941	\$ 3,477	\$ 11,212		
*Closed to new entrants not previously in CalPERS					

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Contribution

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30, 2023, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2023, City contributions were \$3,513,971 for the miscellaneous plan and \$2,150,975 for the safety plan.

Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions for both the miscellaneous and safety plans:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived from CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Protection Allowance Floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Change in Assumption

For both the miscellaneous and safety plans, for the measurement period ended June 30, 2022, the discount rate was reduced from 7.15 percent to 6.90 percent, the inflation rate was reduced from 2.50 percent to 2.30 percent, and the investment rate of return was reduced from 7.15 percent to 6.90 percent.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as followed:

<u>Asset Class (1)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (1)(2)</u>
Global Equity - Cap-Weighted	30.00 %	4.54 %
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securites	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	<u>100.0 %</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

For both the miscellaneous and safety plans, the discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Assets) (c)=(a)-(b)
<u>Miscellaneous Rate Plan</u>			
Balance at June 30, 2022 (Reporting Date)	\$ 86,195,352	\$ 67,244,557	\$ 18,950,795
Changes Recognized for the Measurement Period			
Service Cost	1,899,321	-	1,899,321
Interest on the Total Pension Liability	6,006,137	-	6,006,137
Changes of Assumptions	2,731,582	-	2,731,582
Difference between Expected and Actual Experience	(693,645)	-	(693,645)
Plan to Plan Resource Movement	-	-	-
Contributions from the Employer	-	3,114,207	(3,114,207)
Contributions from Employees	-	827,315	(827,315)
Net Investment Income	-	(5,085,399)	5,085,399
Benefit Payments including Refunds of Employee Contributions	(4,274,948)	(4,274,948)	-
Administrative Expense	-	(41,889)	41,889
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes During 2022-23	<u>5,668,447</u>	<u>(5,460,714)</u>	<u>11,129,161</u>
Balance at June 30, 2023 (Reporting Date) (1)	<u>\$ 91,863,799</u>	<u>\$ 61,783,843</u>	<u>\$ 30,079,956</u>

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and pension expense. This may differ from the plan assets reported in the funding actuarial valuation report.

(2) net of administrative expenses.

As of June 30, 2023, the City reported a \$19,613,637 net pension liability for its proportionate share of the pooled net pension liability for the Safety Cost-Sharing Plan.

For the Safety Cost-Sharing Plan, the City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The City's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

The City's proportionate share of the net pension liability as of June 30, 2022 and 2023 was as follows:

Safety Plan	
Proportion - June 30, 2022	0.32972%
Proportion - June 30, 2023	0.28543%
Change- Increase (Decrease)	-0.04429%

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous Plan's Net Pension Liability	\$ 42,019,745	\$ 30,079,956	\$ 20,189,456
Safety Plan's Net Pension Liability	\$ 28,336,702	\$ 19,613,637	\$ 12,484,503

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of \$3,660,775 for Miscellaneous Plan and \$153,610 for Safety Plan, for a total of \$3,814,385. As of June 30, 2023, the following were the reported deferred outflows of resources and deferred inflows of resources related to the pension plans:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 3,513,971	\$ -	\$ 2,150,975	\$ -
Change of Assumptions	1,821,055	-	1,977,648	-
Difference between Expected and Actual Experience	113,730	462,430	811,737	212,989
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,083,060	-	3,097,267	-
Differences between Employer's Contributions and Proportionate Share of Contributions				3,725,768
Change in Employer's Proportion	-	-	81,540	107,302
Total	<u>\$ 8,531,816</u>	<u>\$ 462,430</u>	<u>\$ 8,119,167</u>	<u>\$ 4,046,059</u>

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

The Miscellaneous Plan reported \$3,114,207 and the Safety Plan reported \$2,150,975 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30,	Miscellaneous Plan	Safety Plan
2024	\$ 1,280,735	\$ (215,770)
2025	1,118,278	70,920
2026	214,964	177,612
2027	1,941,438	1,889,371
2028	-	-
Thereafter	-	-
Total	<u>\$ 4,555,415</u>	<u>\$ 1,922,133</u>

PARS

Plan Description

Effective July 2005, the City began participating in a Public Agency Retirement System (PARS) program, which is a defined contribution retirement plan for part-time, seasonal and temporary employees. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

As established by the plan, all eligible employees of the City will become participants in the plan from the date they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing benefits under the Public Employees Retirement System.

Funding Plan

Contributions made to the plan vest immediately. As determined by the plan, all members must contribute 7.5% of their gross earnings to the plan. The City is not required to contribute.

Annual Contributions

The amount of employee contributions was \$13,921 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$185,614.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Note 12 - Other Postemployment Benefit Plan

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan. The plan, which is administered by the City, allows employees at retirement to continue participating in City medical plans with payment of the full premium until age 65. Premiums are the same for actives and retirees, resulting in an implicit subsidy to retirees. Employees who waive coverage at retirement are not eligible to reenroll. The authority to do so is included annually in the memorandum of understanding between the City and each of its employee groups and ultimately passed by City council action. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75. The plan does not issue a separate report.

Employees Covered

As of the June 30, 2022, measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	5
Active Employees	156
	<hr/>
Total	161
	<hr/> <hr/>

Total OPEB Liability

The City's OPEB liability of \$1,114,778 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of measurement period June 30, 2022, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.54%
Inflation	2.50%
Projected Salary Increase	2.75% per annum, in aggregate
Healthcare Cost Trend Rates	8.5% decreasing to 3.45% by 2076
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Discount Rate

There are no assets accumulated in a trust, therefore, the discount rate is the average of three rate indices: S&P General Obligation Municipal Bond 20-Year High Grade Index, the Fidelity Municipal Bond AA 20-Year Maturity Yield and the Bond Buyer General Obligation 20-Bond Municipal Bond index. The use of this index results in a discount rate of 3.54% at measurement date June 30, 2022.

Change in Assumption

Discount rate was changed from 2.16% to 3.54%.

Changes in Total OPEB Liability

The change in total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2021 (Measurement Date)	\$ 1,068,323
Changes in the Year:	
Service Cost	173,445
Interest on the Total OPEB Liability	26,493
Changes in Assumptions	(123,025)
Benefit Payments	(30,458)
Net Changes	<u>46,455</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 1,114,778</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 1,202,985	\$ 1,114,778	\$ 1,031,992

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Total OPEB Liability	\$ 985,718	\$ 1,114,778	\$ 1,267,541

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$187,546. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 33,685	\$ -
Change in Assumptions	2,998	110,239
Total	<u>\$ 36,683</u>	<u>\$ 110,239</u>

An amount of \$33,685 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2024	\$ (12,392)
2025	(12,392)
2026	(12,392)
2027	(12,392)
2028	(12,392)
Thereafter	(45,281)
Total	<u>\$ (107,241)</u>

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Note 13 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employee. Participants' rights under the plan are equal to an amount equal to the fair market of the deferred account for each participant. The City has no liability for losses under the plan.

Note 14 - Insurance Programs

The City maintains self-insurance programs for workers' compensation, general liability and wrongful employment practices. For general liability claims, the City is at risk for up to \$50,000 per occurrence; amounts in excess of \$50,000 up to \$50,000,000 are covered through the Public Entity Risk Management Authority (PERMA) and excess insurance. For workers' compensation claims, the City is at risk for up to \$250,000 per occurrence. Losses exceeding \$250,000 up to statutory limits are covered by the PERMA under their risk-sharing pool program and excess insurance. For wrongful employment practices claims, the City is at risk for up to \$25,000 per occurrence; amounts in excess of \$25,000 up to \$1,000,000 are covered through the Employment Risk Management Authority. Estimates for all liabilities, including an estimate for incurred but not reported claims (IBNR's), have been included in the Self-Insurance Internal Service Fund.

PERMA also provides a nonrisk sharing "deductible" or claims-servicing pool for general liability claims within the self-insured retention (SIR) level (\$50,000). Annual contributions are deposited with the Authority from which claims are paid on behalf of the City. Any claims paid by PERMA for the City in excess of deposits at year-end are recorded as "Due to Other Agencies" within the Self-Insurance Internal Service Fund.

In addition, the City makes deposits with PERMA for workers' compensation claims below the \$250,000 SIR from which claims are paid on behalf of the City.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2023, the amount of these liabilities was \$2,445,682. The amount represents an estimate of \$1,644,650 for reported claims through June 30, 2023, and \$801,032 of estimate incurred but not reported claims. This liability is the City's best estimate based on available information. There are no significant reductions in insurance coverages from prior years and there have been no settlements exceeding the insurance coverages for each of the past four fiscal years.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

Changes in the reported liability since June 30, 2023, resulted from the following:

Year	Liability at Beginning of Fiscal Year	Current Year Claims in Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2022	\$ 2,039,415	\$ 1,396,464	\$ 879,653	\$ 2,556,226
2023	2,556,226	444,102	554,646	2,445,682

The City of Banning is a member of the Public Entity Risk Management Authority (a joint powers authority of 22 California cities, one Transit Agency and one other special district) which was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. The City continues to carry commercial insurance for all other risks of loss.

Note 15 - Commitments and Contingencies

a. Grant Compliance Audits

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

b. Pending Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

c. Proposition 218

Was approved by the voters in November 1996, regulates the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 requires voter approval before they can be implemented. Proposition 218 is also a protest vote and requires more than 50% of customers for applicable service to vote against the proposed increase to fail. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired.

At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

d. Banning Utility Authority Lease Commitment

The City created the Authority on July 1, 2005. The Authority leases from the City all of its utility enterprise assets. The Authority has also entered into a management agreement with the City for the operation and maintenance of the utility enterprises. The lease expires on June 30, 2060, after which time, all of the utility enterprise assets and activities revert to the City. The lease does not qualify as a lease under GASB Statement No. 87, *Leases*. The Authority's right to the utility enterprise funds does not meet the description of an exchange or exchange-like transaction because each party does not receive or give up essentially equal value or not quite equal value. In addition, the governing boards of the City and Authority are the same and can modify the terms of the lease at will. No fixed payment amounts from the Authority to the City were identified and payments are only to be made after maintenance and operations costs of the Authority, as well as any outstanding debt service. The amount will then be determined between the City and the Authority. During the fiscal year, the Authority made lease payments of \$651,000 to the City, which are reported within the Transfers Out line item in the Statements of Revenues, Expenses, and Changes in Fund Net Position.

e. Construction Contracts

The following material construction commitments existed at June 30, 2023:

PO#	Project Name	Contract Amount	Expenditures to Date as of June 30, 2023	Remaining Commitments
31763	Materials Inventory for Various Projects	\$ 2,517,600	\$ 921,624	\$ 1,595,976
32037	Advisor Services for the Preliminary Engineering	1,576,430	268,470	1,307,960
31764	Materials Inventory for Various Projects	3,125,000	2,201,296	923,704
31985	Design of Well M12A Drilling and Equipping	866,128	206,231	659,897
31759	Materials Inventory for Various Projects	675,000	138,762	536,238
31245	Wastewater Treatment Plant Maintenance and Operations	2,525,358.00	1,510,596	1,014,762
29243	Design - Well C8	884,683.00	375,252	509,431
30653	Project No. 2020-01 EL, Ivy and Stagecoach Substation	6,618,664	6,148,907	469,757
31284	Ivy and Stagecoach Substations	3,629,129	3,466,471	162,658
31000	Materials Inventory for Various Projects	580,378	492,027	88,351
30891	Project No. 2016-11 "Ramsey Street and Hathaway Street Improvements"	4,067,319	4,004,590	62,729
30148	Electric Substation Equipment Maintenance	1,474,982	1,432,635	42,347
30998	Materials Inventory for Various Projects	731,688	692,585	39,103
30848	Purchase of One Metal-Clad Switchgear Building	731,688	692,585	39,103
30996	Materials Inventory for Various Projects	801,334	765,106	36,228
31215	AMI Meter project (Water)	516,675	490,419	26,256
31277	Two Transit Bus Replacements	1,812,446	1,794,035	18,411
30792	Maintenance and Operations Agreement with Suez Water Environmental Services, Inc.	785,490	770,547	14,943
30404	Pardee Development Project	443,752	430,306	13,446
31497	Street Rehab at various locations	848,796	843,644	5,152
30391	Pardee Development Project	398,382	398,368	14
Total		<u>\$ 35,610,922</u>	<u>\$ 28,044,456</u>	<u>\$ 7,566,466</u>

Note 16 - Southern California Public Power Authority

"Take or Pay" Contracts

The City, through its Electric Utility Fund, has entered into a "take or pay" contract and "take and pay" contract through its participation in the Southern California Public Power Authority (SCPPA) in order to meet the electric needs of its customers. These contracts are not considered a joint venture since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer. Under the "take or pay" contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. A long-term obligation has not been recorded in the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility.

During the fiscal year ended June 30, 2023, the Electric Utility Fund made payments totaling \$9,971,987 on these contracts. SCPPA membership consists of eleven Southern California cities and one public irrigation district of the state of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the state of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the state of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint powers agreement has a term expiring in 2030 or such later date as all bonds and notes of SCPPA and the interest thereon have been paid in full or adequate provisions for payments have been made. A copy of SCPPA's audited financial statements can be reviewed on their website at www.scppa.org or can be obtained by written request at 225 South Lake Avenue, Suite 1250, Pasadena, California 91101.

For the year ended June 30, 2023, the City of Banning's interests in various SCPPA projects are described as follows:

a. Palo Verde Project

Pursuant to an assignment agreement dated August 14, 1981 with the Salt River Project, SCPPA purchased a 5.910% interest in the Palo Verde Nuclear Generating Station, a 3,810 MW nuclear-fueled generating station near Phoenix, Arizona and a 6.550% share of the right to use certain portions of the Arizona nuclear power project valley transmission system (collectively, the PV). Units 1, 2, and 3 of PV began commercial operations in January 1986, September 1986 and January 1988, respectively. The City's ownership share of this project is 1.0%.

b. Mead-Phoenix Project

SCPPA entered into an agreement dated December 17, 1991, to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 1.0%.

c. Mead-Adelanto Project

SCPPA also entered into an agreement dated December 17, 1991, to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 1.35%.

Power Purchase Agreements

The City entered into power sales agreements with SCPPA for the following projects:

Astoria 2 Solar Project – In July 2014, the City entered into a 20-year power sales agreement for the Astoria 2 Solar Project for purchase of up to 8 megawatts of the project electric energy. The project began commercial operation in December 2016.

Puente Hills Landfill Gas-to-Energy Project – In June 2014, the City entered into a 13- year power sales agreement for the Puente Hills Landfill Gas-to-Energy Project for purchase of up to 7 megawatts of the electric generation from a landfill gas to energy facility. The project began commercial operation in January 2017.

COSO Geothermal Energy Project – In January 2021, the City entered into a 20-year power sales agreement for the COSO Geothermal Energy Project for purchase of up to 8 megawatts of the project electric energy. The program began commercial operation in January 2022.

Note 17 - Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the state of California. This action impacted the reporting entity of the City of Banning that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the state of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the state of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the state of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and Investments Pooled with the City	<u>\$ 71,660</u>
Total	<u><u>\$ 71,660</u></u>

b. Loans Receivable

The former redevelopment agency had entered into an owner's participation agreement totaling \$250,155 in September 2006 for 55 years, matures September 2061, and is forgivable.

During the fiscal year ending June 30, 2023, no loans were forgiven. In a year in which forgiveness occurs, forgiven loans are reported as forgiven loan expense on the statement of changes in fiduciary net position.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

c. Capital Assets

A prior period adjustment was recorded to reflect the transfer of all capital assets to governmental activities during the year ended June 30, 2023. See note 18 for details regarding the prior period adjustment.

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2023, follows:

	Balance June 30, 2022	Additions	Repayments	Balance June 30, 2023	Due Within One Year
Fiduciary Funds					
2016 Tax Allocation Refunding Bonds	\$ 26,250,000	\$ -	\$ 1,290,000	\$ 24,960,000	\$ 1,320,000
Total fiduciary funds	<u>26,250,000</u>	<u>-</u>	<u>1,290,000</u>	<u>24,960,000</u>	<u>1,320,000</u>

e. 2016 Tax Allocation Refunding Bonds

On September 22, 2016, the Successor Agency of the Dissolved Redevelopment Agency of the City of Banning issued Tax Allocation Refunding Bonds, Series 2016 (Taxable) in the amount of \$32,255,000, in order to (i) refund the Taxable Allocation Bonds, Series 2003 and 2007; (ii) purchase a surety bond for the Reserve Fund for the 2016 Bonds; (iii) purchase a municipal bond insurance policy for the 2016 Bonds as described below; and (iv) pay costs of issuance of the 2016 Bonds.

Principal on the 2016 Bonds is due annually on September 1 of each year, commencing September 1, 2018, and interest on the 2016 Bonds is due semiannually on March 1 and September 1 of each year, commencing March 1, 2017. Interest rates vary from 1.240% to 3.935%.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,320,000	\$ 865,057	\$ 2,185,057
2025	1,355,000	830,472	2,185,472
2026	1,390,000	793,057	2,183,057
2027	1,430,000	752,792	2,182,792
2028	1,470,000	706,259	2,176,259
2029 to 2033	8,170,000	2,702,631	10,872,631
2034 to 2038	<u>9,825,000</u>	<u>996,440</u>	<u>10,821,440</u>
Total	<u>\$ 24,960,000</u>	<u>\$ 8,543,426</u>	<u>\$ 32,606,708</u>

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

f. Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$32,606,708 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$886,720 and the debt service obligation on the bonds was \$1,290,000.

g. Insurance

The Successor Agency is covered under the City of Banning's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 14.

h. Commitments and Contingencies

At June 30, 2023, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 18 - Correction of Errors

A restatement was recorded to the governmental activities, business-type activities, and electric utility fund beginning net position, as well as general fund balance to remove an advance between the funds that should have been reflected as a transfer. The restatement increased governmental activities net position, decreased business-type activities and Electric Utility Fund beginning net position, and increased general fund balance by \$394,118. The restatement increased prior year change in net position for governmental activities, decreased change in net position for business-type activities and the electric utility fund, and increased net change in fund balance for the general fund by \$394,118.

A restatement was recorded to the governmental activities beginning net position and general fund balance to remove an invalid receivable that had been recognized as revenue in prior years totaling \$708,520. An additional restatement was recorded to recognize a refundable developer deposit that had been recognized as revenue in prior years totaling \$41,141. The restatement reduced governmental activities beginning net position and general fund balance by \$749,661. The restatement reduced prior year change in net position for governmental activities and reduced prior year net change in fund balance for the general fund by \$749,661.

City of Banning, California
Notes to the Basic Financial Statements
June 30, 2023

A restatement was recorded to governmental activities beginning net position and general fund balance to increase unearned revenue that had been recognized as revenue in prior years. The restatement reduced governmental activities beginning net position and general fund balance by \$304,304. The restatement reduced prior year change in net position for governmental activities and reduced prior year net change in fund balance for the general fund by \$304,304.

A restatement was recorded to business-type activities and refuse utility beginning net position to increase unearned revenue that had been recognized as revenue in prior years. The restatement reduced prior year change in net position by \$4,275,000.

A restatement was recorded to the governmental activities and private-purpose trust fund successor agency beginning net position to reduce land held for resale under the successor agency and present them as land under governmental activities. The restatement increased governmental activities net position and decreased private-purpose trust fund successor agency beginning net position by \$4,675,556. The restatement increased prior year change in net position for governmental activities and decreased prior year change in net position for the private-purpose trust fund successor agency by \$4,675,556. The assets were transferred by approved Council action in Resolutions 2011-09 and 2021-99.

A restatement was recorded to the governmental activities and private-purpose trust fund successor agency beginning net position to transfer capital assets erroneously recognized as successor agency fund capital assets in prior years. The restatement increased governmental activities net position and decreased private-purpose trust fund successor agency beginning net position by \$6,775,155. The restatement increased prior year change in net position for governmental activities and decreased prior year change in net position for the private-purpose trust fund successor agency by \$6,775,155.

A restatement was recorded to the beginning net position of the business-type activities in the amount of \$853,513, the Banning Utility Authority water fund in the amount of (\$19,183), electric utility fund in the amount of \$681,456, Banning Utility Authority wastewater fund in the amount of \$132,275, and refuse utility fund in the amount of \$58,965 to record receivable balances incurred but not recorded in the prior year. The restatement reduced the prior year change in fund balance by \$19,183 for the Banning Utility Authority water fund and increased the prior year change in net position by \$681,456 for the electric utility fund, by \$132,275 for the Banning Utility Authority wastewater fund and by \$58,965 for the refuse utility fund.

	Governmental Activities	Business-Type Activities	General Fund	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater	Other Enterprise Funds	Private-Purpose Trust Fund
Net Position/Fund Balance at July 1, 2022, as previously reported	\$ 69,013,432	\$ 145,878,021	\$ 9,820,214	\$ 59,030,405	\$ 51,708,181	\$ 31,003,409	\$ 7,320,880	\$ (13,993,891)
Removal of advance	394,118	(394,118)	394,118	-	(394,118)	-	-	-
Unearned revenue	(304,304)	-	(304,304)	-	-	-	-	-
Revenue recognition	(749,661)	-	(749,661)	-	-	-	-	-
Unearned revenue	-	(4,275,000)	-	-	-	-	(4,275,000)	-
Correction of land/land held for resale	4,675,556	-	-	-	-	-	-	(4,675,556)
Capital asset transfer	6,775,155	-	-	-	-	-	-	(6,775,155)
Accounts receivable	-	853,513	-	(19,183)	681,456	132,275	58,965	-
Net Position/Fund Balance, as restated	<u>\$ 79,804,296</u>	<u>\$ 142,062,416</u>	<u>\$ 9,160,367</u>	<u>\$ 59,011,222</u>	<u>\$ 51,995,519</u>	<u>\$ 31,135,684</u>	<u>\$ 3,104,845</u>	<u>\$ (25,444,602)</u>

Required Supplementary Information
June 30, 2023

City of Banning, California

1234

AR027229

City of Banning, California
Schedule of Changes in the Net Pension Liability and Related Ratios (Miscellaneous Rate Plan)
Last Ten Years As of June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability									
Service cost	\$ 1,309,205	\$ 1,237,963	\$ 1,068,763	\$ 1,380,599	\$ 1,475,045	\$ 1,525,937	\$ 1,598,026	\$ 1,716,925	\$ 1,899,321
Interest on the total pension liability	4,417,332	4,647,945	4,783,405	4,880,944	5,086,725	5,383,175	5,587,964	5,835,395	6,006,137
Differences between expected and actual experience	-	(48,685)	(1,098,175)	(1,096,153)	733,536	1,456,383	(29,569)	398,058	(693,645)
Changes of assumptions	-	(1,116,894)	-	3,969,912	(653,917)	-	-	-	2,731,582
Benefit Payments, including refunds of employee contributions	(2,569,019)	(2,762,291)	(3,102,523)	(3,187,613)	(3,833,044)	(3,961,830)	(4,140,982)	(4,224,859)	(4,274,948)
Net Change in Total Pension Liability	3,157,518	1,958,038	1,651,470	5,947,689	2,808,345	4,403,665	3,015,439	3,725,519	5,668,447
Total Pension Liability - Beginning	59,527,669	62,685,187	64,643,225	66,294,695	72,242,384	75,050,729	79,454,394	82,469,833	86,195,352
Total Pension Liability - Ending (a)	\$ 62,685,187	\$ 64,643,225	\$ 66,294,695	\$ 72,242,384	\$ 75,050,729	\$ 79,454,394	\$ 82,469,833	\$ 86,195,352	\$ 91,863,799
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,511,733	\$ 1,479,527	\$ 1,579,886	\$ 2,059,833	\$ 2,011,248	\$ 2,350,584	\$ 2,667,289	\$ 2,971,273	\$ 3,114,207
Contributions - employee	608,478	566,122	445,598	674,451	670,531	721,618	734,736	803,793	827,315
Net investment income	-	1,020,136	221,312	4,904,903	4,077,253	3,354,860	2,657,597	12,554,124	(5,085,399)
Benefit Payments, including refunds of employee contributions	6,586,288	(2,762,291)	(3,102,523)	(3,187,613)	(3,833,044)	(3,961,830)	(4,140,982)	(4,224,859)	(4,274,948)
Administrative expenses	(2,569,019)	(50,336)	(27,249)	(64,709)	(75,132)	(36,340)	(75,213)	(55,137)	(41,889)
Other Miscellaneous Income/(Expense)	-	9,303	-	-	(142,796)	119	-	-	-
Net Change in Plan Fiduciary Net Position	6,137,480	262,461	(882,976)	4,386,865	2,708,060	2,429,011	1,843,427	12,049,194	(5,460,714)
Plan Fiduciary Net Position - Beginning	38,311,035	44,448,515	44,710,976	43,828,000	48,214,865	50,922,925	53,351,936	55,195,363	67,244,557
Plan Fiduciary Net Position - Ending (b)	\$ 44,448,515	\$ 44,710,976	\$ 43,828,000	\$ 48,214,865	\$ 50,922,925	\$ 53,351,936	\$ 55,195,363	\$ 67,244,557	\$ 61,783,843
Net Pension Liability - Ending (a)-(b)	\$ 18,236,672	\$ 19,932,249	\$ 22,466,695	\$ 24,027,519	\$ 24,127,804	\$ 26,102,458	\$ 27,274,470	\$ 18,950,795	\$ 30,079,956
Plan Fiduciary Net Position as A Percentage Of The Total Pension Liability	70.91%	69.17%	66.11%	66.74%	67.85%	67.15%	66.93%	78.01%	78.19%
Covered Payroll	\$ 7,427,270	\$ 6,992,494	\$ 7,149,518	\$ 5,903,926	\$ 8,719,354	\$ 9,781,645	\$ 8,912,142	\$ 9,790,189	\$ 10,501,315
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	245.54%	285.05%	314.24%	406.98%	276.72%	266.85%	306.04%	193.57%	286.44%

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes:

Benefit Changes - There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumption

In 2023, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021. In 2023, the discount rate reduced from 7.15% to 6.90%. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

City of Banning, California
Schedule of Proportionate Share of the Net Pension Liability (Safety Rate Plan)
Last Ten Years As of June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability	0.23259%	0.01734%	0.16650%	0.16191%	0.16713%	0.26886%	0.26745%	0.32972%	0.28543%
Proportionate Share of the Net Pension Liability	\$ 10,599,884	\$ 11,900,560	\$ 14,407,636	\$ 16,057,212	\$ 15,962,108	\$ 16,783,668	\$ 17,818,398	\$ 11,571,452	\$ 19,613,637
Covered Payroll	\$ 2,399,596	\$ 2,184,008	\$ 2,205,720	\$ 1,581,595	\$ 2,439,376	\$ 2,608,731	\$ 3,538,340	\$ 3,141,440	\$ 3,871,832
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	441.74%	544.90%	653.19%	1015.25%	654.35%	643.37%	503.58%	368.35%	506.57%
Plan Fiduciary Net Position	\$ 33,631,871	\$ 32,989,395	\$ 32,521,518	\$ 35,284,479	\$ 37,103,510	\$ 38,589,307	\$ 39,295,336	\$ 47,960,112	\$ 47,858,980
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	72.69%	71.74%	73.39%	73.37%	68.80%	80.56%	75.53%

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes:

Benefit Changes - There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions - In 2023, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021. In 2023, the discount rate reduced from 7.15% to 6.90%. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

See Note to Required Supplementary Information

95

City of Banning, California
Schedule of Plan Contributions (Miscellaneous Rate Plan)
Last Ten Years As of June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,349,103	\$ 1,483,525	\$ 1,829,173	\$ 1,862,651	\$ 2,153,041	\$ 2,491,669	\$ 2,810,447	\$ 3,066,042	\$ 3,513,971
Contribution in Relation to the Actuarially									
Determined Contribution	(1,349,103)	(1,483,525)	(1,829,173)	(1,862,651)	(2,153,041)	(2,491,669)	(2,810,447)	(3,066,042)	(3,513,971)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 6,992,494	\$ 7,149,518	\$ 5,903,926	\$ 8,719,354	\$ 9,781,645	\$ 8,912,142	\$ 9,790,189	\$ 10,501,315	\$ 12,321,259
Contributions as a Percentage of Covered Payroll	19.29%	20.75%	30.98%	21.36%	22.01%	27.96%	28.71%	29.20%	28.52%

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes:

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll, Closed
Asset Valuation Method	Direct Rate Smoothing
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%, Net of Administrative Expenses
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

See Note to Required Supplementary Information

96

City of Banning, California
Schedule of Plan Contributions (Safety Rate Plan)
Last Ten Years As of June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,034,818	\$ 1,329,187	\$ 1,481,661	\$ 1,599,794	\$ 1,830,085	\$ 2,163,458	\$ 2,353,753	\$ 2,345,157	\$ 2,150,975
Contribution in Relation to the Actuarially									
Determined Contribution	(1,034,818)	(1,329,187)	(1,481,661)	(1,599,794)	(1,830,085)	(2,163,458)	(2,353,753)	(2,345,157)	(2,150,975)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,184,008	\$ 2,205,720	\$ 1,581,595	\$ 2,439,376	\$ 2,608,731	\$ 3,538,340	\$ 3,141,440	\$ 3,871,832	\$ 4,310,875
Contributions as a Percentage of Covered Payroll	47.38%	60.26%	93.68%	65.58%	70.15%	61.14%	74.93%	60.57%	49.90%

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes:

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll, Closed
Asset Valuation Method	Direct Rate Smoothing
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%, Net of Administrative Expenses
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

See Note to Required Supplementary Information

97

City of Banning, California
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Years As of June 30, 2023

	2022	2023
Total OPEB Liability		
Service Cost	\$ 167,505	\$ 173,445
Interest	23,337	26,493
Difference in Expected and Actual Experiences	-	-
Changes of Assumptions	3,786	(123,025)
Benefit Payments, Including Refunds of		
Employee Contributions	(29,571)	(30,458)
Net Change in Total OPEB Liability	165,057	46,455
Total OPEB Liability - Beginning	903,266	1,068,323
Total OPEB Liability - Ending (a)	1,068,323	1,114,778
Covered Payroll	\$ 17,724,658	\$ 22,481,573
Plan Net OPEB Liability (Asset) as a		
Percentage of Covered Payroll	6.03%	4.96%

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75

Notes:

Benefit Changes - There were no changes to benefit terms.

City of Banning, California

Budgetary Comparison Schedule -

General Fund

Last Ten Years As of June 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - Beginning of Year, as restated	\$ -	\$ 3,799,826	\$ 9,160,367	\$ 5,360,541
Resources (Inflows)				
Taxes				
Sales and use	5,872,144	6,173,883	4,875,534	(1,298,349)
Property	6,720,426	6,957,457	6,939,283	(18,174)
Franchise	674,155	654,378	543,207	(111,171)
Transient occupancy	1,240,681	1,342,200	1,179,126	(163,074)
Other	860,871	857,871	737,412	(120,459)
Subtotal	15,368,277	15,985,789	14,274,562	(1,711,227)
Licenses and Permits				
Building permits	565,000	820,000	1,186,624	366,624
Other permits	1,210,895	706,667	682,270	(24,397)
Subtotal	1,775,895	1,526,667	1,868,894	342,227
Intergovernmental				
State mother vehicle in-lieu fees	15,016	35,016	31,650	(3,366)
Other intergovernmental revenues	453,896	1,077,882	994,481	(83,401)
Subtotal	468,912	1,112,898	1,026,131	(86,767)
Charges for Services				
Engineering, police, fire, and other fees	2,578,454	2,226,260	1,404,928	(821,332)
Recreation fees	222,300	185,800	161,765	(24,035)
Interfund charges	2,580,093	2,840,915	3,176,397	335,482
Subtotal	5,380,847	5,252,975	4,743,090	(509,885)
Use of Money and Property				
Interest and rents	69,349	47,349	188,719	141,370
Subtotal	69,349	47,349	188,719	141,370
Fines and Forfeitures				
Parking fines	38,385	38,385	8,441	(29,944)
Court fines and other fines	176,004	175,004	179,224	4,220
Subtotal	214,389	213,389	187,665	(25,724)
Contributions	5,000	5,000	638	(4,362)
Contributing from successor agency	250,000	250,000	250,000	-
Miscellaneous	2,239,824	2,612,103	823,244	(1,788,859)
Subscriptions	-	-	106,550	106,550
Leases	-	-	361,506	361,506
Transfers in	651,000	921,384	976,234	54,850
Subtotal	3,145,824	3,788,487	2,518,172	(1,270,315)
Total Resources (Inflows)	26,423,493	27,927,554	24,807,233	(3,120,321)
Amounts Available for Appropriations	26,423,493	31,727,380	33,967,600	2,240,220

City of Banning, California

Budgetary Comparison Schedule -

General Fund (Continued)

Last Ten Years As of June 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Changes to Appropriations (Outflow)				
General Government				
City council	\$ 123,122	\$ 195,957	\$ 171,922	\$ 24,035
Public Information	-	-	911,420	(911,420)
Grant program management	-	-	463	(463)
City manager	553,515	687,201	422,471	264,730
Personnel	469,387	535,626	411,872	123,754
City clerk	136,823	166,580	163,572	3,008
Elections	44,500	44,500	60,412	(15,912)
City attorney	294,727	329,812	329,812	-
Finance	1,473,837	1,598,189	1,546,548	51,641
Economic development	463,612	344,914	378,012	(33,098)
Community enhancement	305,035	389,829	404,424	(14,595)
Central services	542,842	953,398	825,419	127,979
Building maintenance	666,928	769,267	388,803	380,464
Subtotal	5,074,328	6,015,273	6,015,150	123
Public Safety				
Police	9,722,430	10,612,816	11,004,816	(392,000)
Animal control	286,381	308,056	255,761	52,295
Fire	3,550,223	3,604,423	3,568,164	36,259
Dispatch	1,082,798	982,865	1,136,919	(154,054)
Subtotal	14,641,832	15,508,160	15,965,660	(457,500)
Community Development				
TV government access	141,399	165,051	159,967	5,084
Building safety	914,298	1,712,842	1,128,624	584,218
Code enforcement	412,792	365,329	390,355	(25,026)
Planning	1,104,313	1,589,265	1,031,521	557,744
Engineering	1,173,485	2,496,233	2,068,484	427,749
Community enhancement	102,900	102,900	97,762	5,138
Subtotal	3,849,187	6,431,620	4,876,713	1,554,907
Culture and Leisure				
Parks	826,582	796,711	769,538	27,173
Recreation	816,844	1,084,878	774,075	310,803
Aquatics	248,338	241,463	250,274	(8,811)
Daycare	55,486	58,486	5,346	53,140
Senior center	125,603	139,609	118,847	20,762
Subtotal	2,072,853	2,321,147	1,918,080	403,067
Capital Outlay	1,480,592	2,076,378	737,152	1,339,226
Subtotal	1,480,592	2,076,378	737,152	1,339,226
Debt Service				
Principal retirement	-	-	179,036	(179,036)
Interest and fiscal charges	-	-	38,140	(38,140)
Subtotal	-	-	217,176	(217,176)
Transfers Out	225,825	225,825	281,617	(55,792)
Subtotal	225,825	225,825	281,617	(55,792)
Total Charges to Appropriations	27,344,617	32,578,403	30,011,548	2,784,031
Budgetary Fund Balance - End of Year	\$ (921,124)	\$ (851,023)	\$ 3,956,052	\$ (543,811)

City of Banning, California
Note to Required Supplementary Information
June 30, 2023

Note 1 - Stewardship, Compliance and AccountabilityBudgets and Budgetary Accounting

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council.

Budgetary comparison is provided in the accompanying financial statements for the General Fund. Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with U.S. GAAP.

Excess Expenditures Over Appropriations

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Gas Tax Street	\$ 2,072,467	\$ 2,063,149	\$ (9,318)
Supplemental Law Enforcement	429,183	100,000	(329,183)
Park Development	762,895	322,814	(440,081)
BEA Capital Project	197,926	195,057	(2,869)

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	Gas Tax Street	Measure A	Community Development Block Grant
Assets			
Pooled cash and investments	\$ -	\$ 775,577	\$ -
Receivables			
Accounts, net	100	-	-
Loans	-	-	-
Interest	-	3,620	-
Grants	25,260	5,055	608
Due from other governments	70,539	160,703	-
Due from other funds	-	540,217	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	95,899	1,485,172	608
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	68,915	147,379	917
Accrued liabilities	10,931	-	-
Unearned revenue	-	-	-
Deposits payable	95,961	-	-
Due to other funds	40,217	-	48,617
Total liabilities	216,024	147,379	49,534
Deferred Inflows of Resources			
Unavailable revenues	25,260	5,055	608
Total deferred inflows of resources	25,260	5,055	608
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	1,332,738	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	(145,385)	-	(49,534)
Total fund balances	(145,385)	1,332,738	(49,534)
Total liabilities, deferred inflows of resources, and fund balances	\$ 95,899	\$ 1,485,172	\$ 608

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Special Revenue Funds		
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Assets			
Pooled cash and investments	\$ 34,729	\$ 375,694	\$ 1,865
Receivables			
Accounts, net	28	-	-
Loans	-	-	-
Interest	245	1,532	6
Grants	-	-	-
Due from other governments	1,572	10,298	-
Due from other funds	48,617	85,080	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	85,191	472,604	1,871
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	7,921	188,303	-
Accrued liabilities	413	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	8,334	188,303	-
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	1,871
Culture and leisure	-	-	-
Transportation	76,857	284,301	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	76,857	284,301	1,871
Total liabilities, deferred inflows of resources, and fund balances	\$ 85,191	\$ 472,604	\$ 1,871

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Special Revenue Funds		
	Supplemental Law Enforcement	Special Donations	Senior Center Activities
Assets			
Pooled cash and investments	\$ 12,001	\$ 14,503	\$ 53,136
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	1,329	-	178
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	-	29,547	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	13,330	44,050	53,314
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	18
Accrued liabilities	-	-	-
Unearned revenue	219	-	-
Deposits payable	-	7,525	-
Due to other funds	-	-	-
Total liabilities	219	7,525	18
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	13,111	-	-
Culture and leisure	-	36,525	53,296
Transportation	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	13,111	36,525	53,296
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,330	\$ 44,050	\$ 53,314

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Special Revenue Funds		
	Police Volunteer	Wilson Median Improvement	Banning Housing Authority
Assets			
Pooled cash and investments	\$ 5,162	\$ 399,708	\$ 7,734
Receivables			
Accounts, net	-	-	-
Loans	-	-	739,937
Interest	17	1,350	4,865
Grants	-	-	223,432
Due from other governments	-	-	-
Due from other funds	86	-	1,474,212
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	5,265	401,058	2,450,180
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	26,943
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	26,943
Deferred Inflows of Resources			
Unavailable revenues	-	-	739,937
Total deferred inflows of resources	-	-	739,937
Fund Balances			
Restricted for			
Community development projects	-	-	1,683,300
Public safety	5,265	-	-
Culture and leisure	-	-	-
Transportation	-	401,058	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	5,265	401,058	1,683,300
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,265	\$ 401,058	\$ 2,450,180

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Special Revenue Funds		
	SB1	American Rescue Plan Act	State Park Bond Act
Assets			
Pooled cash and investments	\$ 402,853	\$ 4,078,246	\$ -
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	-	-	-
Grants	192,423	-	-
Due from other governments	120,750	-	-
Due from other funds	-	-	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	<u>716,026</u>	<u>4,078,246</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	10,768	-
Accrued liabilities	-	-	-
Unearned revenue	-	4,067,478	-
Deposits payable	-	-	-
Due to other funds	-	-	89
Total liabilities	<u>-</u>	<u>4,078,246</u>	<u>89</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>192,423</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>192,423</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	523,603	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	(89)
Total fund balances	<u>523,603</u>	<u>-</u>	<u>(89)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 716,026</u>	<u>\$ 4,078,246</u>	<u>\$ -</u>

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Special Revenue Fund	Capital Project Funds	
	Animal Control Reserve	Police Facilities Development	Fire Facilities Development
Assets			
Pooled cash and investments	\$ -	\$ 263,759	\$ 7,419
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	-	878	4,454
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	1,313,282
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	-	264,637	1,325,155
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	86	-	-
Total liabilities	86	-	-
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	264,637	1,325,155
Unassigned	(86)	-	-
Total fund balances	(86)	264,637	1,325,155
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 264,637	\$ 1,325,155

City of Banning, California
Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Capital Project Funds		
	Traffic Control Facilities	General Facilities	Park Development
Assets			
Pooled cash and investments	\$ 11,170	\$ 493,170	\$ 302,286
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	6,712	1,819	999
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	1,980,283	48,229	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	1,998,165	543,218	303,285
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	1,998,165	543,218	303,285
Unassigned	-	-	-
Total fund balances	1,998,165	543,218	303,285
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,998,165	\$ 543,218	\$ 303,285

City of Banning, California

Combining Balance Sheet –
Non-Major Governmental Funds (Continued)
June 30, 2023

	Capital Project Funds			Total
	Capital	BEA Low/Mod	BEA Capital	Governmental
	Improvement	Capital	Project Fund	Funds
		Project Fund		
Assets				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 7,239,012
Receivables				
Accounts, net	-	-	176	304
Loans	-	-	-	739,937
Interest	-	-	-	28,004
Grants	-	-	-	446,778
Due from other governments	-	-	-	363,862
Due from other funds	-	545,705	-	6,065,258
Restricted assets				
Cash and investments with fiscal agents	701,830	-	7,686,997	8,388,827
Total assets	701,830	545,705	7,687,173	23,271,982
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	-	-	186,337	637,501
Accrued liabilities	-	-	-	11,344
Unearned revenue	-	-	-	4,067,697
Deposits payable	-	-	-	103,486
Due to other funds	48,229	-	4,004,078	4,141,316
Total liabilities	48,229	-	4,190,415	8,961,344
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	963,283
Total deferred inflows of resources	-	-	-	963,283
Fund Balances				
Restricted for				
Community development projects	-	-	-	1,683,300
Public safety	-	-	-	20,247
Culture and leisure	-	-	-	89,821
Transportation	-	-	-	2,618,557
Capital projects	-	545,705	3,496,758	4,042,463
Assigned				
Capital projects	653,601	-	-	5,088,061
Unassigned	-	-	-	(195,094)
Total fund balances	653,601	545,705	3,496,758	13,347,355
Total liabilities, deferred inflows of resources, and fund balances	\$ 701,830	\$ 545,705	\$ 7,687,173	\$ 23,271,982

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Gas Tax Street	Measure A	Community Development Block Grant
Revenues			
Taxes	\$ -	\$ 914,578	\$ -
Intergovernmental	825,588	271,204	29,784
Use of money and property	1,699	3,835	-
Miscellaneous	13,822	-	-
Total revenues	841,109	1,189,617	29,784
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Community development	4,958	-	16,918
Culture and leisure	-	-	-
Transportation	1,637,538	42,098	-
Capital Outlay	90,382	428,618	13,026
Total expenditures	1,732,878	470,716	29,944
Excess of Revenues over Expenditures	(891,769)	718,901	(160)
Other Financing Sources (Uses)			
Transfers in	1,169,368	-	-
Transfers out	(339,589)	-	-
Leases	-	-	-
Total other financing sources (uses)	829,779	-	-
Net Change in Fund Balances	(61,990)	718,901	(160)
Fund Balances - Beginning of Year	(83,395)	613,837	(49,374)
Fund Balances - End of Year	\$ (145,385)	\$ 1,332,738	\$ (49,534)

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Revenues			
Taxes	\$ 145,585	\$ -	\$ -
Intergovernmental	-	31,203	-
Use of money and property	719	4,183	19
Miscellaneous	-	-	-
Total revenues	146,304	35,386	19
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Community development	-	3,000	-
Culture and leisure	-	-	-
Transportation	149,679	200	-
Capital Outlay	-	188,303	-
Total expenditures	149,679	191,503	-
Excess of Revenues over Expenditures	(3,375)	(156,117)	19
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	(3,375)	(156,117)	19
Fund Balances - Beginning of Year	80,232	440,418	1,852
Fund Balances - End of Year	\$ 76,857	\$ 284,301	\$ 1,871

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Supplemental Law Enforcement	Special Donations	Senior Center Activities
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	429,182	-	-
Use of money and property	2,085	-	461
Miscellaneous	-	5,405	6,347
Total revenues	431,267	5,405	6,808
Expenditures			
Current			
General government	-	-	-
Public safety	23,183	-	-
Community development	-	286	1,924
Culture and leisure	-	-	-
Transportation	-	-	-
Capital Outlay	406,000	-	-
Total expenditures	429,183	286	1,924
Excess of Revenues over Expenditures	2,084	5,119	4,884
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	2,084	5,119	4,884
Fund Balances - Beginning of Year	11,027	31,406	48,412
Fund Balances - End of Year	\$ 13,111	\$ 36,525	\$ 53,296

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Police Volunteer	Wilson Median Improvement	Banning Housing Authority
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	350,000
Use of money and property	34	3,950	24,262
Miscellaneous	-	-	-
Total revenues	<u>34</u>	<u>3,950</u>	<u>374,262</u>
Expenditures			
Current			
General government	-	-	-
Public safety	293	-	-
Community development	-	-	467,564
Culture and leisure	-	-	-
Transportation	-	127	-
Capital Outlay	-	-	58,663
Total expenditures	<u>293</u>	<u>127</u>	<u>526,227</u>
Excess of Revenues over Expenditures	<u>(259)</u>	<u>3,823</u>	<u>(151,965)</u>
Other Financing Sources (Uses)			
Transfers in	1,500	-	-
Transfers out	-	-	-
Leases	-	-	-
Total other financing sources (uses)	<u>1,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,241	3,823	(151,965)
Fund Balances - Beginning of Year	<u>4,024</u>	<u>397,235</u>	<u>1,835,265</u>
Fund Balances - End of Year	<u>\$ 5,265</u>	<u>\$ 401,058</u>	<u>\$ 1,683,300</u>

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	SB1	American Rescue Plan Act	State Park Bond Act
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	689,098	538,141	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>689,098</u>	<u>538,141</u>	<u>-</u>
Expenditures			
Current			
General government	-	6,301	-
Public safety	-	-	-
Community development	-	-	-
Culture and leisure	-	-	89
Transportation	19,481	-	-
Capital Outlay	<u>906,808</u>	<u>174,713</u>	<u>-</u>
Total expenditures	<u>926,289</u>	<u>181,014</u>	<u>89</u>
Excess of Revenues over Expenditures	<u>(237,191)</u>	<u>357,127</u>	<u>(89)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	(357,127)	-
Leases	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(357,127)</u>	<u>-</u>
Net Change in Fund Balances	(237,191)	-	(89)
Fund Balances - Beginning of Year	<u>760,794</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 523,603</u>	<u>\$ -</u>	<u>\$ (89)</u>

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Fund	Capital Projects Funds	
	Animal Control Reserve	Police Facilities Development	Fire Facilities Development
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Use of money and property	-	1,965	12,660
Miscellaneous	-	35,342	20,888
Total revenues	-	37,307	33,548
Expenditures			
Current			
General government	-	-	-
Public safety	-	150	149
Community development	86	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital Outlay	-	-	-
Total expenditures	86	150	149
Excess of Revenues over Expenditures	(86)	37,157	33,399
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	(86)	37,157	33,399
Fund Balances - Beginning of Year	-	227,480	1,291,756
Fund Balances - End of Year	\$ (86)	\$ 264,637	\$ 1,325,155

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Capital Projects Funds		
	Traffic Control Facilities	General Facilities	Park Development
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Use of money and property	18,077	5,057	1,007
Miscellaneous	92,066	17,136	109,277
Total revenues	110,143	22,193	110,284
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Community development	-	185	-
Culture and leisure	-	-	888
Transportation	8,103	-	-
Capital Outlay	-	-	762,007
Total expenditures	8,103	185	762,895
Excess of Revenues over Expenditures	102,040	22,008	(652,611)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Leases	-	-	762,007
Total other financing sources (uses)	-	-	762,007
Net Change in Fund Balances	102,040	22,008	109,396
Fund Balances - Beginning of Year	1,896,125	521,210	193,889
Fund Balances - End of Year	\$ 1,998,165	\$ 543,218	\$ 303,285

City of Banning, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2023

	Capital Project Funds			Total
	Capital Improvement	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	Governmental Funds
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 1,060,163
Intergovernmental	-	-	-	3,164,200
Use of money and property	20,135	-	589	100,737
Miscellaneous	-	-	-	300,283
Total revenues	20,135	-	589	4,625,383
Expenditures				
Current				
General government	-	-	-	6,301
Public safety	-	-	-	23,775
Community development	-	110	51,938	546,969
Culture and leisure	-	-	-	977
Transportation	508	-	-	1,857,734
Capital Outlay	-	-	145,988	3,174,508
Total expenditures	508	110	197,926	5,610,264
Excess of Revenues over Expenditures	19,627	(110)	(197,337)	(984,881)
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,170,868
Transfers out	-	-	-	(696,716)
Leases	-	-	-	762,007
Total other financing sources (uses)	-	-	-	1,236,159
Net Change in Fund Balances	19,627	(110)	(197,337)	251,278
Fund Balances - Beginning of Year	633,974	545,815	3,694,095	13,096,077
Fund Balances - End of Year	\$ 653,601	\$ 545,705	\$ 3,496,758	\$ 13,347,355

City of Banning, California
 Budgetary Comparison Schedule
 Gas Tax Street
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ (498,523)	\$ (144,371)	\$ (83,395)	\$ 60,976
Resources (Inflows)				
Intergovernmental	1,245,079	1,245,079	825,588	(419,491)
Investment income	-	-	1,699	1,699
Miscellaneous	13,409	13,409	13,822	413
Transfers in	981,500	981,500	1,169,368	187,868
Amounts available for appropriations	1,741,465	2,095,617	1,927,082	(168,535)
Charges to Appropriations (Outflows)				
Community development	-	4,958	4,958	-
Transportation	1,984,544	2,058,191	1,637,538	420,653
Capital Outlay	-	-	90,382	(90,382)
Transfers out	-	-	339,589	(339,589)
Total charges to appropriations	1,984,544	2,063,149	2,072,467	(9,318)
Budgetary Fund Balance - End of Year	\$ (243,079)	\$ 32,468	\$ (145,385)	\$ (159,217)

City of Banning, California
 Budgetary Comparison Schedule
 Measure A
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 1,417,007	\$ 46,378	\$ 613,837	\$ 803,170
Resources (Inflows)				
Taxes	857,000	857,000	914,578	57,578
Intergovernmental	-	-	271,204	271,204
Investment income	1,200	1,200	3,835	2,635
Amounts available for appropriations	2,275,207	904,578	1,803,454	1,134,587
Charges to Appropriations (Outflows)				
Transportation	41,924	41,924	42,098	(174)
Capital outlay	1,350,000	1,733,989	428,618	1,305,371
Total charges to appropriations	1,391,924	1,775,913	470,716	1,305,197
Budgetary Fund Balance - End of Year	\$ 883,283	\$ (871,335)	\$ 1,332,738	\$ (170,610)

City of Banning, California
Budgetary Comparison Schedule
Community Development Block Grant
Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 161,123	\$ (444,952)	\$ (49,374)	\$ 210,497
Resources (Inflows)				
Intergovernmental	45,031	239,849	29,784	(210,065)
Subscriptions	-	-	-	-
Amounts available for appropriations	206,154	(205,103)	(19,590)	432
Charges to Appropriations (Outflows)				
Community development	6,917	16,917	16,918	(1)
Capital outlay	348,783	453,601	13,026	440,575
Total charges to appropriations	355,700	470,518	29,944	440,574
Budgetary Fund Balance - End of Year	\$ (149,546)	\$ (675,621)	\$ (49,534)	\$ (440,142)

City of Banning, California
 Budgetary Comparison Schedule
 Landscape Maintenance District
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 190,465	\$ 189,665	\$ 80,232	\$ 110,233
Resources (Inflows)				
Taxes	141,270	141,270	145,585	4,315
Investment income	200	200	719	519
Miscellaneous	78,834	78,834	-	(78,834)
Amounts available for appropriations	410,769	409,969	226,536	36,233
Charges to Appropriations (Outflows)				
Transportation	219,379	238,577	149,679	88,898
Total charges to appropriations	219,379	238,577	149,679	88,898
Budgetary Fund Balance - End of Year	<u>\$ 191,390</u>	<u>\$ 171,392</u>	<u>\$ 76,857</u>	<u>\$ (52,665)</u>

City of Banning, California
 Budgetary Comparison Schedule
 AQMD Air Pollution Program
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 291,959	\$ 291,959	\$ 440,418	\$ (148,459)
Resources (Inflows)				
Intergovernmental	44,324	44,324	31,203	(13,121)
Investment income	293	293	4,183	3,890
Amounts available for appropriations	<u>336,576</u>	<u>336,576</u>	<u>475,804</u>	<u>(157,690)</u>
Charges to Appropriations (Outflows)				
Community development	3,000	3,000	3,000	-
Transportation	201	201	200	1
Capital outlay	<u>90,000</u>	<u>261,358</u>	<u>188,303</u>	<u>73,055</u>
Total charges to appropriations	<u>93,201</u>	<u>264,559</u>	<u>191,503</u>	<u>73,056</u>
Budgetary Fund Balance - End of Year	<u>\$ 243,375</u>	<u>\$ 72,017</u>	<u>\$ 284,301</u>	<u>\$ (230,746)</u>

City of Banning, California
Budgetary Comparison Schedule
Asset Forfeiture
Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 7,847	\$ 7,847	\$ 1,852	\$ 5,995
Resources (Inflows)				
Investment income	565	565	19	(546)
Amounts available for appropriations	8,412	8,412	1,871	5,449
Budgetary Fund Balance - End of Year	<u>\$ 8,412</u>	<u>\$ 8,412</u>	<u>\$ 1,871</u>	<u>\$ 5,449</u>

City of Banning, California
 Budgetary Comparison Schedule
 Supplemental Law Enforcement
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 13,173	\$ (11,827)	\$ 11,027	\$ 2,146
Resources (Inflows)				
Intergovernmental	99,294	99,294	429,182	(329,888)
Investment income	706	706	2,085	1,379
Amounts available for appropriations	113,173	88,173	442,294	(326,363)
Charges to Appropriations (Outflows)				
Public safety	100,000	100,000	23,183	76,817
Capital outlay	-	-	406,000	(406,000)
Total charges to appropriations	100,000	100,000	429,183	(329,183)
Budgetary Fund Balance - End of Year	\$ 13,173	\$ (11,827)	\$ 13,111	\$ 2,820

City of Banning, California
Budgetary Comparison Schedule
Special Donations
Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 42,561	\$ 34,761	\$ 31,406	\$ 11,155
Resources (Inflows) Miscellaneous	12,983	12,983	5,405	(7,578)
Amounts available for appropriations	55,544	47,744	36,811	3,577
Charges to Appropriations (Outflows) Community development	10,581	15,426	286	15,140
Total charges to appropriations	10,581	15,426	286	15,140
Budgetary Fund Balance - End of Year	<u>\$ 44,963</u>	<u>\$ 32,318</u>	<u>\$ 36,525</u>	<u>\$ (11,563)</u>

City of Banning, California
 Budgetary Comparison Schedule
 Senior Center Activities
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 49,081	\$ 49,081	\$ 48,412	\$ 669
Resources (Inflows)				
Investment income	80	80	461	381
Miscellaneous	11,604	11,604	6,347	(5,257)
Amounts available for appropriations	60,765	60,765	55,220	(4,207)
Charges to Appropriations (Outflows)				
Community development	8,243	8,258	1,924	6,334
Total charges to appropriations	8,243	8,258	1,924	6,334
Budgetary Fund Balance - End of Year	\$ 52,522	\$ 52,507	\$ 53,296	\$ (10,541)

City of Banning, California
 Budgetary Comparison Schedule
 Police Volunteer
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 3,270	\$ 3,270	\$ 4,024	\$ (754)
Resources (Inflows)				
Investment income	2	2	34	32
Transfers in	-	-	1,500	1,500
Amounts available for appropriations	3,272	3,272	5,558	778
Charges to Appropriations (Outflows)				
Public safety	1,067	1,067	293	774
Community development	11	11	-	11
Total charges to appropriations	1,078	1,078	293	785
Budgetary Fund Balance - End of Year	\$ 2,194	\$ 2,194	\$ 5,265	\$ (7)

City of Banning, California
 Budgetary Comparison Schedule
 Wilson Median Improvement
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 400,917	\$ 400,917	\$ 397,235	\$ 3,682
Resources (Inflows)				
Investment income	775	775	3,950	3,175
Amounts available for appropriations	401,692	401,692	401,185	6,857
Charges to Appropriations (Outflows)				
Transportation	127	127	127	-
Total charges to appropriations	127	127	127	-
Budgetary Fund Balance - End of Year	\$ 401,565	\$ 401,565	\$ 401,058	\$ 6,857

City of Banning, California
 Budgetary Comparison Schedule
 Banning Housing Authority
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 2,232,075	\$ 1,143,529	\$ 1,835,265	\$ 396,810
Resources (Inflows)				
Intergovernmental	-	-	350,000	350,000
Investment income	3,241	3,241	24,262	21,021
Miscellaneous	16,524	16,524	-	(16,524)
Amounts available for appropriations	2,251,840	1,163,294	2,209,527	751,307
Charges to Appropriations (Outflows)				
Community development	15,441	15,441	467,564	(452,123)
Capital outlay	-	982,577	58,663	923,914
Total charges to appropriations	15,441	998,018	526,227	471,791
Budgetary Fund Balance - End of Year	<u>\$ 2,236,399</u>	<u>\$ 165,276</u>	<u>\$ 1,683,300</u>	<u>\$ 279,516</u>

City of Banning, California

Budgetary Comparison Schedule

SB1

Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 841,762	\$ (123,325)	\$ 760,794	\$ 80,968
Resources (Inflows) Intergovernmental	734,740	1,184,740	689,098	(495,642)
Amounts available for appropriations	1,576,502	1,061,415	1,449,892	(414,674)
Charges to Appropriations (Outflows) Transportation	17,482	19,482	19,481	1
Capital outlay	730,000	1,838,623	906,808	931,815
Total charges to appropriations	747,482	1,858,105	926,289	931,816
Budgetary Fund Balance - End of Year	\$ 829,020	\$ (796,690)	\$ 523,603	\$ (1,346,490)

City of Banning, California
 Budgetary Comparison Schedule
 American Rescue Plan Act
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	-	-	538,141	538,141
Amounts available for appropriations	-	-	538,141	538,141
Charges to Appropriations (Outflows)				
General government	-	-	6,301	(6,301)
Capital outlay	-	432,950	174,713	258,237
Transfers out	-	398,808	357,127	41,681
Total charges to appropriations	-	831,758	538,141	293,617
Budgetary Fund Balance - End of Year	\$ -	\$ (831,758)	\$ -	\$ 244,524

City of Banning, California
 Budgetary Comparison Schedule
 State Park Bond Act
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ -	\$ -	\$ -	\$ -
Amounts available for appropriations	-	-	-	-
Charges to Appropriations (Outflows) Culture and leisure	-	89	89	-
Total charges to appropriations	-	89	89	-
Budgetary Fund Balance - End of Year	\$ -	\$ (89)	\$ (89)	\$ -

City of Banning, California
 Budgetary Comparison Schedule
 Animal Control Reserve
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ -	\$ -	\$ -	\$ -
Amounts available for appropriations	-	-	-	-
Charges to Appropriations (Outflows) Community development	-	87	86	1
Total charges to appropriations	-	87	86	1
Budgetary Fund Balance - End of Year	\$ -	\$ (87)	\$ (86)	\$ (1)

City of Banning, California
 Budgetary Comparison Schedule
 Police Facilities Development
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 223,000	\$ 223,000	\$ 227,480	\$ (4,480)
Resources (Inflows)				
Investment income	47	47	1,965	1,918
Miscellaneous	2,469	2,469	35,342	32,873
Amounts available for appropriations	225,516	225,516	264,787	30,311
Charges to Appropriations (Outflows)				
Public safety	150	150	150	-
Total charges to appropriations	150	150	150	-
Budgetary Fund Balance - End of Year	\$ 225,366	\$ 225,366	\$ 264,637	\$ 30,311

City of Banning, California
 Budgetary Comparison Schedule
 Fire Facilities Development
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 1,302,041	\$ 1,302,041	\$ 1,291,756	\$ 10,285
Resources (Inflows)				
Investment income	1,994	1,994	12,660	10,666
Miscellaneous	4,005	4,005	20,888	16,883
Amounts available for appropriations	1,308,040	1,308,040	1,325,304	37,834
Charges to Appropriations (Outflows)				
Public safety	150	150	149	1
Total charges to appropriations	150	150	149	1
Budgetary Fund Balance - End of Year	\$ 1,307,890	\$ 1,307,890	\$ 1,325,155	\$ 37,833

City of Banning, California
 Budgetary Comparison Schedule
 Traffic Control Facilities
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 2,257,337	\$ 2,247,337	\$ 1,896,125	\$ 361,212
Resources (Inflows)				
Investment income	1,098	1,098	18,077	16,979
Miscellaneous	132,200	132,200	92,066	(40,134)
Amounts available for appropriations	2,390,635	2,380,635	2,006,268	338,057
Charges to Appropriations (Outflows)				
Transportation	8,104	9,177	8,103	1,074
Capital outlay	125,000	125,000	-	125,000
Total charges to appropriations	133,104	134,177	8,103	126,074
Budgetary Fund Balance - End of Year	\$ 2,257,531	\$ 2,246,458	\$ 1,998,165	\$ 211,983

City of Banning, California
 Budgetary Comparison Schedule
 General Facilities
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 525,675	\$ 525,675	\$ 521,210	\$ 4,465
Resources (Inflows)				
Investment income	529	529	5,057	4,528
Miscellaneous	31,215	31,215	17,136	(14,079)
Amounts available for appropriations	557,419	557,419	543,403	(5,086)
Charges to Appropriations (Outflows)				
Community development	185	185	185	-
Capital outlay	125,000	125,000	-	125,000
Total charges to appropriations	125,185	125,185	185	125,000
Budgetary Fund Balance - End of Year	<u>\$ 432,234</u>	<u>\$ 432,234</u>	<u>\$ 543,218</u>	<u>\$ (130,086)</u>

City of Banning, California
 Budgetary Comparison Schedule
 Park Development
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 171,003	\$ (98,997)	\$ 193,889	\$ (22,886)
Resources (Inflows)				
Intergovernmental	8,992	8,992	-	8,992
Investment income	270	270	1,007	737
Miscellaneous	52,289	52,289	109,277	56,988
Leases	-	-	762,007	762,007
Amounts available for appropriations	232,554	(37,446)	1,066,180	805,838
Charges to Appropriations (Outflows)				
Community development	25,000	25,000	-	25,000
Culture and leisure	881	888	888	-
Capital outlay	296,926	296,926	762,007	(465,081)
Total charges to appropriations	322,807	322,814	762,895	(440,081)
Budgetary Fund Balance - End of Year	\$ (90,253)	\$ (360,260)	\$ 303,285	\$ 1,245,919

City of Banning, California
Budgetary Comparison Schedule
BEA Low/Mod Capital Project Fund
Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 545,943	\$ 545,943	\$ 545,815	\$ 128
Resources (Inflows) Miscellaneous	128	128	-	(128)
Amounts available for appropriations	546,071	546,071	545,815	-
Charges to Appropriations (Outflows) Community development	110	110	110	-
Total charges to appropriations	110	110	110	-
Budgetary Fund Balance - End of Year	\$ 545,961	\$ 545,961	\$ 545,705	\$ -

City of Banning, California
 Budgetary Comparison Schedule
 BEA Capital Project Fund
 Year Ended June 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance - Beginning of Year	\$ 5,361,980	\$ 3,771,035	\$ 3,694,095	\$ 1,667,885
Resources (Inflows)				
Investment income	7,500	7,500	589	(6,911)
Miscellaneous	25,786	25,786	-	(25,786)
Amounts available for appropriations	5,395,266	3,804,321	3,694,684	1,635,188
Charges to Appropriations (Outflows)				
Community development	40,718	40,719	51,938	(11,219)
Capital outlay	-	154,338	145,988	8,350
Total charges to appropriations	40,718	195,057	197,926	(2,869)
Budgetary Fund Balance - End of Year	\$ 5,354,548	\$ 3,609,264	\$ 3,496,758	\$ 1,638,057

City of Banning, California
Combining Statement of Net Position –
Non-Major Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Assets				
Current				
Cash and investments	\$ 273,168	\$ 400,957	\$ 446,149	\$ 1,120,274
Receivables				
Accounts	24,950	200	94,516	119,666
Notes and loans	-	752	-	752
Interest	-	2,100	20,423	22,523
Grants	7,052	81,766	-	88,818
Prepaid costs	131	2,364	131	2,626
Due from other funds	-	174,557	4,901,373	5,075,930
Inventories	33,270	-	-	33,270
Total current assets	<u>338,571</u>	<u>662,696</u>	<u>5,462,592</u>	<u>6,463,859</u>
Noncurrent				
Capital assets				
Capital assets, not depreciated	506,402	-	-	506,402
Capital assets, net	1,685,967	156,410	43,387	1,885,764
Right to use lease assets, net of accumulated amortization	-	-	-	-
Right to use subscription IT assets, net of accumulated amortization	-	26,855	-	26,855
Total noncurrent assets	<u>2,192,369</u>	<u>183,265</u>	<u>43,387</u>	<u>2,419,021</u>
Total assets	<u>2,530,940</u>	<u>845,961</u>	<u>5,505,979</u>	<u>8,882,880</u>
Deferred Outflows of Resources				
Pension related items	49,611	495,803	116,922	662,336
OPEB related items	167	2,158	299	2,624
Total deferred outflows of resources	<u>49,778</u>	<u>497,961</u>	<u>117,221</u>	<u>664,960</u>
Liabilities				
Current				
Accounts payable	1,781	464,391	18,938	485,110
Accrued liabilities	1,818	24,033	4,936	30,787
Unearned revenues	5,957	-	4,070,052	4,076,009
Deposits payable	23,484	-	-	23,484
Compensated absences	34	1,415	238	1,687
Total current liabilities	<u>33,074</u>	<u>489,839</u>	<u>4,094,164</u>	<u>4,617,077</u>
Noncurrent				
Compensated absences	15,716	80,119	37,276	133,111
Net pension liability	187,995	1,789,811	432,608	2,410,414
Total OPEB liability	5,073	65,588	9,083	79,744
Total noncurrent liabilities	<u>208,784</u>	<u>1,935,518</u>	<u>478,967</u>	<u>2,623,269</u>
Total liabilities	<u>241,858</u>	<u>2,425,357</u>	<u>4,573,131</u>	<u>7,240,346</u>
Deferred Inflows of Resources				
Pension related items	2,890	27,515	6,651	37,056
OPEB related items	1,380	12,856	898	15,134
Total deferred inflows of resources	<u>4,270</u>	<u>40,371</u>	<u>7,549</u>	<u>52,190</u>
Net Position				
Investment in capital assets	2,192,369	183,265	43,387	2,419,021
Unrestricted	142,221	(1,305,071)	999,133	(163,717)
Total net position (deficit)	<u>\$ 2,334,590</u>	<u>\$ (1,121,806)</u>	<u>\$ 1,042,520</u>	<u>\$ 2,255,304</u>

City of Banning, California
Combining Statement of Revenues, Expenses and Changes in Net Position –
Non-Major Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Revenues				
Sales and service charges	\$ 187,875	\$ 52,344	\$ 1,076,108	\$ 1,316,327
Miscellaneous	5,481	5,390	9,419	20,290
Total operating revenues	193,356	57,734	1,085,527	1,336,617
Operating Expenses				
Salaries and benefits	106,152	1,333,957	274,573	1,714,682
Supplies and services	119,264	872,971	213,099	1,205,334
Repairs and maintenance	9,065	2,780	-	11,845
Depreciation expense	196,005	82,411	7,420	285,836
Total operating expenses	430,486	2,292,119	495,092	3,217,697
Operating Income (Loss)	(237,130)	(2,234,385)	590,435	(1,881,080)
Nonoperating Revenues (Expenses)				
Intergovernmental	43,484	1,766,948	16,374	1,826,806
Interest revenue and change in fair Value of investments	49	9,758	61,062	70,869
Gain (Loss) on Disposal of Capital Assets	-	11,091	-	11,091
Total nonoperating revenues (expenses)	43,533	1,787,797	77,436	1,908,766
Income (Loss) before Transfers	(193,597)	(446,588)	667,871	27,686
Transfers in	848	112,004	5	112,857
Transfer out	-	(3,584)	(986,500)	(990,084)
Total other financing sources	848	108,420	(986,495)	(877,227)
Changes in Net Position	(192,749)	(338,168)	(318,624)	(849,541)
Net Position (deficit) - Beginning of Year	2,527,339	(783,638)	5,577,179	7,320,880
Prior Period Adjustment	-	-	(4,216,035)	(4,216,035)
Net Position (deficit) - End of Year	\$ 2,334,590	\$ (1,121,806)	\$ 1,042,520	\$ 2,255,304

City of Banning, California
Combining Statement of Cash Flows –
Non-Major Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Activities				
Cash received from customers and users	\$ 191,156	\$ 55,385	\$ 1,061,601	\$ 1,308,142
Cash paid to suppliers for goods and Services	(160,046)	(559,075)	(516,324)	(1,235,445)
Cash paid to employees for services	(105,681)	(1,344,932)	(281,319)	(1,731,932)
Net Cash Provided (Used) by Operating Activities	(74,571)	(1,848,622)	263,958	(1,659,235)
Noncapital Financing Activities				
Cash transfers in	848	112,004	5	112,857
Cash transfers out	-	(3,584)	(986,500)	(990,084)
Interfund borrowings	-	(174,557)	(4,901,373)	(5,075,930)
Intergovernmental	49,422	1,686,827	16,374	1,752,623
Net Cash Provided (Used) by Noncapital Financing Activities	50,270	1,620,690	(5,871,494)	(4,200,534)
Capital and Related Financing activities				
Sale of capital assets	-	11,091	-	11,091
Acquisition and construction of capital Assets	(16,346)	(92,068)	(24,865)	(133,279)
Net Cash (Used) by Capital and Related Financing Activities	(16,346)	(80,977)	(24,865)	(122,188)
Cash Flows from Investing Activities				
Issuance of notes and loans receivable	-	4,044	-	4,044
Interest received and change in fair value of investments	49	9,041	50,235	59,325
Net Cash Provided by Investing Activities	49	13,085	50,235	63,369
Net Change in Cash and Cash Equivalents	(40,598)	(295,824)	(5,582,166)	(5,918,588)
Cash and Cash Equivalents - Beginning of Year	313,766	696,781	6,028,315	7,038,862
Cash and Cash Equivalents - End of Year	\$ 273,168	\$ 400,957	\$ 446,149	\$ 1,120,274

City of Banning, California
Combining Statement of Cash Flows (Continued)
Non-Major Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Reconciliation of Operating Income to Net Cash Provided (Used)				
By Operating Activities				
Operating Income (Loss)	\$ (237,130)	\$ (2,234,385)	\$ 590,435	\$ (1,881,080)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Changes in Operating Assets and Liabilities				
Depreciation (expense)	196,005	82,411	7,420	285,836
(Increase) Decrease in Assets				
Accounts receivable	(3,205)	15	(23,795)	(26,985)
Prepaid	(131)	(2,364)	(131)	(2,626)
Inventories	1,136	-	-	1,136
Deferred pension related items	(27,867)	(288,789)	(66,886)	(383,542)
Deferred opeb related items	55	(49)	211	217
Increase (Decrease) in Liabilities				
Accounts payable	(34,746)	463,700	1,330	430,284
Accrued liabilities	400	10,067	2,532	12,999
Deposits payable	970	-	(65,713)	(64,743)
Unearned revenue	1,659	(157,091)	(241,374)	(396,806)
Net pension liability	63,951	608,851	147,163	819,965
Total OPEB liability	(1,920)	(987)	(7,009)	(9,916)
Compensated absences	3,108	21,171	6,864	31,143
Deferred pension related items	(38,236)	(364,028)	(87,987)	(490,251)
Deferred OPEB related items	1,380	12,856	898	15,134
Net Cash Provided (Used) by Operating Activities	<u>\$ (74,571)</u>	<u>\$ (1,848,622)</u>	<u>\$ 263,958</u>	<u>\$ (1,659,235)</u>

City of Banning, California
Combining Statement of Net Position –
Internal Service Funds
June 30, 2023

	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Assets					
Current					
Pooled cash and investments	\$ -	\$ 2,596	\$ -	\$ -	\$ 2,596
Receivables					
Accounts	4,206	36,360	-	121,245	161,811
Interest	-	1,726	-	-	1,726
Prepaid costs	-	-	525	2,571	3,096
Due from other funds	-	615,506	-	-	615,506
Inventories	-	54,297	-	-	54,297
Total current assets	4,206	710,485	525	123,816	839,032
Noncurrent					
Capital assets					
Capital assets, net	-	236,286	6,103	22,311	264,700
Right to use lease assets, net of accumulated amortization	-	21,157	-	18,485	39,642
Total noncurrent assets	-	257,443	6,103	40,796	304,342
Total assets	4,206	967,928	6,628	164,612	1,143,374
Deferred Outflows of Resources					
Pension related items	71,374	225,343	200,111	598,745	1,095,573
OPEB related items	1,746	757	3,894	2,213	8,610
Total deferred outflows of resources	73,120	226,100	204,005	600,958	1,104,183
Liabilities					
Current					
Accounts payable	206,528	65,785	1,183	18,699	292,195
Accrued liabilities	859,212	12,592	9,967	24,552	906,323
Due to other governments	18,281	-	-	-	18,281
Due to other funds	1,589,081	-	624,002	166,061	2,379,144
Compensated absences	10	580	543	2,668	3,801
Claims and judgments	530,660	-	-	-	530,660
Bonds, notes, and leases	-	12,968	-	13,770	26,738
Total current liabilities	3,203,772	91,925	635,695	225,750	4,157,142
Noncurrent					
Compensated absences	10,936	40,172	42,654	95,822	189,584
Net pension liability	264,425	865,918	663,928	2,129,475	3,923,746
Total OPEB liability	8,730	23,003	18,874	67,240	117,847
Claims and judgments	1,915,022	-	-	-	1,915,022
Bonds, notes, and leases	-	-	-	2,701	2,701
Total noncurrent liabilities	2,199,113	929,093	725,456	2,295,238	6,148,900
Total liabilities	5,402,885	1,021,018	1,361,151	2,520,988	10,306,042
Deferred Inflows of Resources					
Pension related items	4,065	13,312	10,207	32,737	60,321
OPEB related items	863	3,726	1,866	15,356	21,811
Total deferred inflows of resources	4,928	17,038	12,073	48,093	82,132
Net Position					
Investment in capital assets	-	244,475	6,103	24,325	274,903
Unrestricted	(5,330,487)	(88,503)	(1,168,694)	(1,827,836)	(8,415,520)
Total net position (deficit)	\$ (5,330,487)	\$ 155,972	\$ (1,162,591)	\$ (1,803,511)	\$ (8,140,617)

City of Banning, California
Combining Statement of Revenues, Expenses and Changes in Net Position –
Internal Service Funds
June 30, 2023

	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Operating Revenues					
Sales and service charges	\$ 2,795,711	\$ 1,634,906	\$ 621,727	\$ 2,480,187	\$ 7,532,531
Miscellaneous	-	23,273	-	-	23,273
Total operating revenues	2,795,711	1,658,179	621,727	2,480,187	7,555,804
Operating Expenses					
Salaries and benefits	133,631	586,048	444,187	1,531,744	2,695,610
Supplies and services	2,396,869	1,218,561	91,685	703,180	4,410,295
Repairs and maintenance	-	304,114	215,257	8,528	527,899
Insurance premiums	2,781,455	-	-	-	2,781,455
Depreciation expense	-	25,613	-	9,925	35,538
Total operating expenses	5,311,955	2,134,336	751,129	2,253,377	10,450,797
Operating Income (Loss)	(2,516,244)	(476,157)	(129,402)	226,810	(2,894,993)
Nonoperating Revenues (Expenses)					
Interest revenue and change in fair value of investments	21,086	6,857	-	-	27,943
Interest expense	-	(333)	-	(263)	(596)
Gain (loss) on disposal of capital assets	-	109	-	-	109
Total nonoperating revenues (expenses)	21,086	6,633	-	(263)	27,456
Income (Loss) before Transfers	(2,495,158)	(469,524)	(129,402)	226,547	(2,867,537)
Transfers in	-	2	-	-	2
Changes in Net Position	(2,495,158)	(469,522)	(129,402)	226,547	(2,867,535)
Net Position (Deficit) - Beginning of Year	(2,835,329)	625,494	(1,033,189)	(2,030,058)	(5,273,082)
Net Position (Deficit) - End of Year	\$ (5,330,487)	\$ 155,972	\$ (1,162,591)	\$ (1,803,511)	\$ (8,140,617)

City of Banning, California
Combining Statement of Cash Flows –
Internal Service Funds
June 30, 2023

	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Operating Activities					
Cash received from customers and users	\$ 2,798,341	\$ 1,757,826	\$ 621,202	\$ 2,378,569	\$ 7,555,938
Cash paid to suppliers for goods and services	(4,378,807)	(1,502,658)	(306,959)	(743,674)	(6,932,098)
Cash paid to employees for services	(128,981)	(598,130)	(480,295)	(1,581,131)	(2,788,537)
Net Cash Provided (Used) by Operating Activities	(1,709,447)	(342,962)	(166,052)	53,764	(2,164,697)
Financing Activities					
Operating Subsidies	1,589,081	(615,506)	166,052	(46,661)	1,092,966
Cash transfers in	-	2	-	-	2
Intergovernmental	18,281	397	-	-	18,678
Net Cash Provided (Used) by Financing Activities	1,607,362	(615,107)	166,052	(46,661)	1,111,646
Capital and Related Financing Activities					
Proceeds from sales of capital assets	-	109	-	-	109
Lease principal payments	-	(15,981)	-	(6,840)	(22,821)
Lease interest payments	-	(333)	-	(263)	(596)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(16,205)	-	(7,103)	(23,308)
Investing Activities					
Interest received	21,086	5,915	-	-	27,001
Net Change in Cash and Cash Equivalents	(80,999)	(968,359)	-	-	(1,049,358)
Cash and Cash Equivalents - Beginning of Year	80,999	970,955	-	-	1,051,954
Cash and Cash Equivalents - End of Year	\$ -	\$ 2,596	\$ -	\$ -	\$ 2,596

City of Banning, California
Combining Statement of Flows (Continued)
Internal Service Funds
June 30, 2023

	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Reconciliation of Operating Income					
Loss to Net Cash Provided by					
Operating Activities					
Operating Income (Loss)	\$ (2,516,244)	\$ (476,157)	\$ (129,402)	\$ 226,810	\$ (2,894,993)
Adjustments to Reconcile Operating Income					
(Loss) to Net Cash Provided (Used) by					
Operating Activities					
Depreciation	-	25,613	-	9,925	35,538
(Increase) Decrease in Assets					
Accounts receivable	2,630	(7,205)	-	(99,047)	(103,622)
Inventories	-	106,852	-	-	106,852
Prepaid costs	-	-	(525)	(2,571)	(3,096)
Deferred pension related items	(40,790)	(125,189)	(123,320)	(352,445)	(641,744)
Deferred OPEB related items	(1,434)	264	(3,112)	297	(3,985)
Increase (Decrease) in Liabilities					
Accounts payable	51,683	13,879	(3,613)	(33,951)	27,998
Accrued liabilities	858,378	6,138	3,596	1,985	870,097
Net pension liability	89,952	294,565	225,853	724,397	1,334,767
Total OPEB liability	(1,106)	(9,206)	(5,822)	(11,969)	(28,103)
Claims and judgments	(110,544)	-	-	-	(110,544)
Compensated absences	10,946	(124)	3,462	8,089	22,373
Deferred OPEB related items	863	3,726	1,866	15,356	21,811
Deferred pension related items	(53,781)	(176,118)	(135,035)	(433,112)	(798,046)
Net Cash Provided (Used) by					
Operating Activities	<u>\$ (1,709,447)</u>	<u>\$ (342,962)</u>	<u>\$ (166,052)</u>	<u>\$ 53,764</u>	<u>\$ (2,164,697)</u>

City of Banning, California
Combining Statement of Fiduciary Net Position –
Custodial Funds
June 30, 2023

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2001-1	Cameo Homes	CFD 2020-02	Totals
Assets							
Pooled cash and investments	\$ 37,105	\$ 76,722	\$ 191	\$ 151,791	\$ 255	\$ 264,898	\$ 530,962
Receivables							
Accounts	-	-	-	2,951	-	-	2,951
Interest	125	259	-	-	55	-	439
Due from other governments	-	-	-	2,217	-	-	2,217
Restricted assets							
Cash and investments							
With fiscal agents	-	-	-	228,564	-	-	228,564
Total assets	37,230	76,981	191	385,523	310	264,898	765,133
Liabilities							
Accounts payable	-	-	-	32	-	-	32
Deposits payable	-	19,958	-	29,235	-	-	49,193
Total liabilities	-	19,958	-	29,267	-	-	49,225
Net position							
Held in trust for other Organizations	37,230	57,023	191	356,256	310	264,898	715,908
Total net position	\$ 37,230	\$ 57,023	\$ 191	\$ 356,256	\$ 310	\$ 264,898	\$ 715,908

City of Banning, California
Combining Statement of Changes in Fiduciary Net Position –
Custodial Funds
Year Ended June 30, 2023

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2001-1	Cameo Homes	CFD 2020-02	Totals
Additions							
Taxes	\$ -	\$ -	\$ -	\$ 195,837	\$ -	\$ 234,917	\$ 430,754
Interest and change in fair value of investments	366	757	314	10	310	-	1,757
Total additions	366	757	314	195,847	310	234,917	432,511
Deductions							
Administrative expenses	-	-	31,119	15,249	8,191	-	54,559
Principal payment	-	-	-	110,000	-	-	110,000
Interest expense	-	-	-	88,930	-	-	88,930
Total deductions	-	-	31,119	214,179	8,191	-	253,489
Change in Net Position	366	757	(30,805)	(18,332)	(7,881)	234,917	179,022
Net Position - Beginning of Year	36,864	56,266	30,996	374,588	8,191	29,981	536,886
Net Position - End of Year	\$ 37,230	\$ 57,023	\$ 191	\$ 356,256	\$ 310	\$ 264,898	\$ 715,908

Statistical Section

June 30, 2023

City of Banning, California

1292

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City of Banning, California

Description of Schedules

June 30, 2023

This section of the City of Banning's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its key revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF BANNINGTable 1 – Net Position by Component
Last Ten Fiscal Years (accrual basis)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Governmental activities:										
Net investment in capital assets										
Restricted	\$ 79,795,958	\$ 76,155,814	\$ 72,517,050	\$ 70,010,870	\$ 66,686,458	\$ 65,515,669	\$ 68,336,960	\$ 70,289,375	\$ 80,575,289	
Unrestricted	5,819,965	14,257,465	14,680,040	14,514,482	15,025,895	13,625,501	11,745,009	9,209,053	9,391,803	
	(3,750,779)	1,381,053	569,568	(1,239,778)	(3,339,506)	(6,533,345)	(5,304,091)	(10,484,996)	(18,807,558)	
Total governmental activities net position	\$ 81,865,144	\$ 91,794,332	\$ 87,766,658	\$ 83,285,574	\$ 78,372,847	\$ 72,607,825	\$ 74,777,878	\$ 69,013,432	\$ 71,159,534	
Business-type activities:										
Net investment in capital assets										
Restricted	\$ 35,025,342	\$ 46,164,187	\$ 49,101,929	\$ 54,651,632	\$ 55,418,755	\$ 58,185,572	\$ 68,242,143	\$ 86,364,235	\$ 104,263,839	
Unrestricted	20,852,195	17,086,463	17,237,091	6,870,598	12,900,528	10,242,658	7,182,657	7,413,570	4,313,770	
	52,395,049	48,642,361	49,602,708	55,601,962	54,083,097	55,642,567	56,186,413	52,100,216	40,263,273	
Total business-type activities net position	\$ 108,272,586	\$ 111,893,011	\$ 115,941,728	\$ 117,124,192	\$ 122,402,380	\$ 124,070,797	\$ 131,611,213	\$ 145,878,021	\$ 148,840,882	
Primary government:										
Net investment in capital assets										
Restricted	\$ 114,821,300	\$ 122,320,001	\$ 121,618,979	\$ 124,662,502	\$ 122,105,213	\$ 123,701,241	\$ 136,579,103	\$ 156,653,610	\$ 184,839,128	
Unrestricted	26,672,160	31,343,928	31,917,131	21,385,080	27,926,423	23,868,159	18,927,666	16,622,623	13,705,573	
	48,644,270	50,023,414	50,172,276	54,362,184	50,743,591	49,109,222	50,882,322	41,615,220	21,455,715	
Total primary government activities net position	\$ 190,137,730	\$ 203,687,343	\$ 203,708,386	\$ 200,409,766	\$ 200,775,227	\$ 196,678,622	\$ 206,389,091	\$ 214,891,453	\$ 220,000,416	

*Amounts reported prior to 2023 have not been restated.

Source: City of Banning Finance Department

CITY OF BANNING

Table 2 - Changes in Net Position
Last Ten Fiscal Years (accrual basis)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenue:										
Governmental activities:										
Charges for Services										
General Government	\$ 3,518,279	\$ 3,673,140	\$ 3,428,121	\$ 3,498,269	\$ 1,935,931	\$ 3,522,951	\$ 2,391,540	\$ 2,794,965	\$ 2,806,493	\$ 6,336,709
Public Safety	\$ 88,698	\$ 167,426	\$ 71,550	\$ 60,673	\$ 75,552	\$ 60,608	\$ 184,204	\$ 253,972	\$ 540,423	\$ 472,520
Community Development		\$ 581,449	\$ 826,327	\$ 692,337	\$ 836,137	\$ 1,074,183	\$ 3,417,110	\$ 3,800,759	\$ 3,751,762	\$ 3,352,881
Culture and Leisure	\$ 69,554	\$ 78,191	\$ 95,455	\$ 136,740	\$ 154,452	\$ 107,551	\$ 68,347	\$ 105,523	\$ 191,458	\$ 161,767
Public Works/Transportation	\$ 590,975	\$ 75,897	\$ 92,545	\$ 52,830	\$ 42,264	\$ 162,294	\$ 236,781	\$ 268,726	\$ 40,745	\$ 9,432
Operating Contributions and Grants	\$ 1,645,348	\$ 1,162,736	\$ 1,848,420	\$ 767,501	\$ 2,011,733	\$ 882,361	\$ 2,027,196	\$ 4,170,619	\$ 4,987,432	\$ 4,654,162
Capital Contributions and Grants	\$ 422,492	\$ 888,241	\$ 392,728	\$ 160,156	\$ 555,374	\$ 195,760	\$ 563,818	\$ 4,427,752	\$ 2,824,531	\$ 3,054,584
Total governmental activities program revenues	\$ 6,335,346	\$ 6,627,080	\$ 6,755,146	\$ 5,368,506	\$ 5,611,443	\$ 6,005,708	\$ 8,888,996	\$ 15,822,316	\$ 15,142,844	\$ 18,042,055
Business-type activities:										
Charges for Services										
Airport	\$ 172,656	\$ 147,965	\$ 136,789	\$ 162,731	\$ 232,734	\$ 199,253	\$ 169,821	\$ 226,477	\$ 227,757	\$ 187,875
Transit	\$ 163,257	\$ 153,211	\$ 138,753	\$ 130,112	\$ 117,872	\$ 111,068	\$ 91,376	\$ 23,005	\$ 62,297	\$ 52,344
Electric Utility	\$ 30,821,540	\$ 30,163,068	\$ 30,584,446	\$ 34,374,969	\$ 31,048,355	\$ 31,485,295	\$ 30,034,857	\$ 29,855,208	\$ 12,643,832	\$ 31,286,002
BUA Water	\$ 3,423,514	\$ 3,462,692	\$ 3,482,411	\$ 9,756,472	\$ 9,554,347	\$ 9,681,733	\$ 10,390,992	\$ 12,406,181	\$ 31,007,494	\$ 12,107,023
BUA Wastewater	\$ 3,165,206	\$ 3,131,670	\$ 3,364,634	\$ 3,473,035	\$ 3,562,532	\$ 4,513,331	\$ 4,717,664	\$ 4,840,340	\$ 5,702,140	\$ 1,076,108
Refuse	\$ 1,802,425	\$ 1,683,815	\$ 1,971,552	\$ 2,128,770	\$ 2,590,014	\$ 1,839,875	\$ 2,231,912	\$ 3,123,766	\$ 3,944,910	\$ 1,706,363
Operating Contributions and Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,557,041	\$ 4,926,599	\$ 8,736,795
Capital Contributions and Grants	\$ 50,124,174	\$ 48,439,312	\$ 48,534,819	\$ 53,594,218	\$ 50,445,796	\$ 51,502,755	\$ 51,455,229	\$ 58,760,459	\$ 62,788,876	\$ 60,181,678
Total business-type activities program revenues	\$ 56,459,520	\$ 55,066,392	\$ 55,289,965	\$ 58,962,724	\$ 56,057,239	\$ 57,508,463	\$ 60,344,225	\$ 74,582,775	\$ 77,931,720	\$ 78,223,733
Total primary government program revenues										
Expenses:										
Governmental activities:										
Charges for Services										
General Government	\$ 2,584,494	\$ 2,161,242	\$ 2,225,118	\$ 2,590,641	\$ 2,461,098	\$ 3,124,340	\$ 3,209,677	\$ 5,246,275	\$ 5,566,598	\$ 7,742,422
Public Safety	\$ 10,126,310	\$ 9,615,308	\$ 8,583,405	\$ 11,566,632	\$ 13,123,891	\$ 13,575,303	\$ 14,974,435	\$ 15,220,931	\$ 17,144,268	\$ 18,528,062
Community Development	\$ 89,000	\$ 1,333,832	\$ 1,598,792	\$ 1,495,415	\$ 1,621,737	\$ 2,012,561	\$ 3,573,064	\$ 4,470,992	\$ 4,876,304	\$ 8,789,153
Culture and Leisure	\$ 1,122,226	\$ 1,132,717	\$ 1,001,189	\$ 1,308,589	\$ 1,441,115	\$ 1,612,308	\$ 1,664,747	\$ 1,850,782	\$ 2,149,958	\$ 2,641,392
Public Works/Transportation	\$ 6,270,524	\$ 5,044,885	\$ 4,585,220	\$ 4,967,935	\$ 4,970,388	\$ 5,747,250	\$ 6,089,732	\$ 3,819,726	\$ 5,980,759	\$ 6,865,215
Interest on long-term debt	\$ 101,479	\$ 88,096	\$ 86,124	\$ 76,005	\$ 55,195	\$ 36,109	\$ 16,562	\$ 2,606	\$ -	\$ 66,519
Total governmental activities program expenses	\$ 20,294,033	\$ 19,376,080	\$ 18,079,848	\$ 22,005,217	\$ 23,673,424	\$ 26,107,871	\$ 29,528,217	\$ 30,613,312	\$ 35,717,887	\$ 44,632,763
Business-type activities:										
Charges for Services										
Airport	\$ 382,611	\$ 382,510	\$ 209,930	\$ 351,599	\$ 391,245	\$ 353,205	\$ 319,358	\$ 432,421	\$ 472,059	\$ 443,140
Transit	\$ 1,722,416	\$ 1,854,509	\$ 1,858,161	\$ 1,726,873	\$ 1,866,561	\$ 2,315,554	\$ 2,365,198	\$ 2,312,227	\$ 1,774,710	\$ 2,359,493
Electric Utility	\$ 28,819,584	\$ 28,253,812	\$ 29,505,627	\$ 33,351,692	\$ 32,726,577	\$ 31,020,023	\$ 30,813,647	\$ 31,627,402	\$ 9,233,135	\$ 9,956,699
BUA Water	\$ 7,569,525	\$ 7,786,308	\$ 7,308,819	\$ 7,658,337	\$ 8,139,411	\$ 8,316,156	\$ 8,700,459	\$ 8,143,196	\$ 33,253,167	\$ 36,026,046
BUA Wastewater	\$ 2,915,736	\$ 2,884,856	\$ 2,701,401	\$ 2,899,152	\$ 2,936,846	\$ 3,502,698	\$ 3,781,828	\$ 3,440,848	\$ 3,944,924	\$ 3,865,935
Refuse	\$ 3,074,393	\$ 3,088,208	\$ 3,082,003	\$ 3,341,491	\$ 3,526,288	\$ 4,483,427	\$ 4,815,164	\$ 4,863,174	\$ 1,216,002	\$ 509,645
Total business-type activities program expenses	\$ 44,484,265	\$ 44,250,203	\$ 44,665,941	\$ 49,329,144	\$ 49,586,928	\$ 49,991,063	\$ 50,795,654	\$ 50,819,268	\$ 49,893,997	\$ 53,160,958
Total primary government program expenses	\$ 64,778,298	\$ 63,626,283	\$ 62,745,789	\$ 71,334,361	\$ 73,260,352	\$ 76,098,934	\$ 80,323,871	\$ 81,432,580	\$ 85,611,884	\$ 97,793,721
Net revenues (expenses)										
Governmental activities:	\$ (13,958,687)	\$ (12,749,000)	\$ (11,324,702)	\$ (16,636,711)	\$ (18,061,981)	\$ (20,102,163)	\$ (20,639,221)	\$ (14,790,996)	\$ (20,575,043)	\$ (26,590,708)
Business-type activities:	\$ 5,639,909	\$ 4,189,109	\$ 3,868,878	\$ 4,265,074	\$ 858,868	\$ 1,511,692	\$ 659,575	\$ 7,941,191	\$ 12,894,879	\$ 7,020,720
Total net revenues (expenses)	\$ (8,318,778)	\$ (8,559,891)	\$ (7,455,824)	\$ (12,371,637)	\$ (17,203,113)	\$ (18,590,471)	\$ (19,979,646)	\$ (6,849,805)	\$ (7,680,164)	\$ (19,569,988)

CITY OF BANNING

Table 2 - Changes in Net Position
Last Ten Fiscal Years (accrual basis)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes, general purpose	\$ 4,001,164	\$ 4,238,973	\$ 4,459,662	\$ 4,685,723	\$ 4,959,588	\$ 5,223,775	\$ 5,383,240	\$ 6,004,043	\$ 6,546,613	\$ 6,939,283
Transient occupancy taxes	\$ 712,135	\$ 722,434	\$ 789,994	\$ 861,221	\$ 854,928	\$ 895,887	\$ 804,389	\$ 1,119,765	\$ 1,290,574	\$ 1,179,126
Sales taxes	\$ 3,413,423	\$ 3,533,478	\$ 3,497,150	\$ 3,762,082	\$ 4,188,798	\$ 4,466,545	\$ 4,300,140	\$ 4,630,683	\$ 6,797,082	\$ 5,790,112
Franchise taxes	\$ 861,155	\$ 871,284	\$ 860,923	\$ 839,395	\$ 871,107	\$ 895,534	\$ 919,373	\$ 922,932	\$ 535,461	\$ 543,207
Other taxes	\$ 261,305	\$ 684,734	\$ 734,954	\$ 373,310	\$ 542,857	\$ 1,197,131	\$ 1,163,462	\$ 574,645	\$ 667,052	\$ 882,997
Motor vehicle in lieu - unrestricted										
Uses of money and property (investment income)	\$ 582,558	\$ 519,940	\$ 628,752	\$ 13,813	\$ 16,354	\$ 15,016	\$ 24,570	\$ 22,828	\$ 37,237	\$ -
Other/miscellaneous	\$ 469,656	\$ 774,987	\$ 397,009	\$ 646,221	\$ 737,464	\$ 1,128,236	\$ 967,914	\$ 37,985	\$ (159,039)	\$ 317,399
Gain on sale of capital asset	\$ 1,039	\$ -	\$ 8,801,033	\$ 534,441	\$ 506,692	\$ 554,860	\$ 436,266	\$ 3,266,109	\$ 10,017	\$ 1,125,051
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)										
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,133	\$ 3,600	\$ -	\$ 2,468	\$ -
Total governmental activities	\$ 724,000	\$ 720,432	\$ 652,157	\$ 724,000	\$ 724,000	\$ 638,759	\$ 699,653	\$ 177,439	\$ (74,274)	\$ 1,168,771
Business-type activities:										
Property taxes, general purpose										
Uses of money and property (investment income)	\$ 272,796	\$ 164,885	\$ 218,902	\$ 252,397	\$ 642,496	\$ 1,593,722	\$ 1,009,209	\$ 19,460	\$ (450,248)	\$ 796,142
Other/miscellaneous	\$ 288,557	\$ 178,290	\$ 184,802	\$ 252,581	\$ 405,100	\$ 272,773	\$ 692,150	\$ 3	\$ -	\$ 130,375
Gain on sale of capital asset	\$ 461	\$ -	\$ -	\$ 2,665	\$ -	\$ 835	\$ 7,136	\$ 108,777	\$ 33,968	\$ -
Transfers	\$ (724,000)	\$ (720,432)	\$ (652,157)	\$ (724,000)	\$ (724,000)	\$ (638,759)	\$ (699,653)	\$ (177,439)	\$ 74,274	\$ (1,168,771)
Total business-like activities	\$ (162,186)	\$ (377,257)	\$ (248,453)	\$ (216,357)	\$ 323,596	\$ 1,228,571	\$ 1,008,842	\$ (49,199)	\$ (342,006)	\$ (282,254)
Total general revenues	\$ 11,021,491	\$ 11,856,457	\$ 20,741,752	\$ 12,392,680	\$ 13,904,493	\$ 16,418,007	\$ 15,883,041	\$ 16,911,850	\$ 15,491,047	\$ 17,703,692
Changes in net position										
Governmental activities:										
Business-type activities:	\$ (2,775,010)	\$ (515,286)	\$ 9,665,503	\$ (4,027,674)	\$ (4,481,084)	\$ (4,912,727)	\$ (5,765,022)	\$ 2,170,053	\$ (4,741,990)	\$ (8,644,762)
Total primary government	\$ 5,477,723	\$ 3,811,852	\$ 3,620,425	\$ 4,048,717	\$ 1,182,464	\$ 2,740,263	\$ 1,668,417	\$ 7,891,992	\$ 12,552,873	\$ 6,778,466
Total primary government	\$ 2,702,713	\$ 3,296,566	\$ 13,285,928	\$ 21,043	\$ (3,298,620)	\$ (2,172,464)	\$ (4,096,605)	\$ 10,062,045	\$ 7,810,883	\$ (1,866,296)

* Amounts reported prior to 2023 have not been restated.

Source: City of Banning Finance Department

CITY OF BANNING

Table 3 - Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Non-Spendable										
Restricted	\$ 27,950	\$ 5,100	\$ 43,923	\$ 63,225	\$ 61,372	\$ 54,552	\$ 28,434	\$ 26,315	\$ 29,431	\$ 202,675
Committed	3,480,481	3,806,936	3,975,332	4,096,473	4,528,172	4,785,065	3,525,858	1,500,000	1,500,000	1,500,000
Assigned	2,340,003	2,722,165	4,687,477	4,415,700	4,911,017	4,998,482	5,185,192	3,404,019	3,411,665	1,500,000
Unassigned	753,115	3,267,395	3,536,735	4,742,954	2,739,006	3,269,500	3,044,388	5,029,615	4,879,118	753,377
Total general fund	\$ 6,601,549	\$ 9,801,596	\$ 12,243,467	\$ 13,318,352	\$ 12,239,567	\$ 13,107,599	\$ 11,783,872	\$ 9,959,949	\$ 9,820,214	\$ 3,956,052
All Other Governmental Funds										
Non-Spendable										
Restricted										
Reported in:										
Special revenue funds	5,986,616	5,805,914	5,503,509	5,312,223	6,214,265	6,862,505	6,144,345	5,837,086	4,224,502	1,793,368
Capital project funds	325,116	14,051	8,753,956	9,367,817	8,300,217	8,163,390	7,481,156	5,907,923	4,239,910	6,661,020
Debt Service funds										
Committed										
Assigned	2,628,525	2,620,462	2,624,852	2,662,362	2,674,301	2,565,078	2,542,385	5,000,419	4,764,434	5,088,061
Unassigned	(2,485,462)	(2,061,740)	(1,547,898)	(1,113,773)	(633,728)	(699,152)	(1,144,021)	(286,646)	(132,769)	(195,094)
Total all other governmental funds	\$ 6,454,795	\$ 6,378,687	\$ 15,334,419	\$ 16,228,629	\$ 16,555,055	\$ 16,891,821	\$ 15,023,865	\$ 16,458,782	\$ 13,096,077	\$ 13,347,355
Total primary government program revenues	\$ 13,056,344	\$ 16,180,283	\$ 27,577,886	\$ 29,546,981	\$ 28,794,622	\$ 29,999,420	\$ 26,807,737	\$ 26,418,731	\$ 22,916,291	\$ 17,303,407

*Amounts reported prior to 2023 have not been restated.

Note: The City of Banning implemented changes to the presentation of fund balance per GASB Statement No 54 in fiscal year 2011

Source: City of Banning Finance Department

CITY OF BANNING

Table 4 - Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years (modified accrual basis)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 9,406,564	\$ 10,138,020	\$ 10,792,461	\$ 10,739,122	\$ 11,596,387	\$ 12,849,432	\$ 12,742,196	\$ 13,149,520	\$ 15,587,711	\$ 15,334,725
Licenses and Permits	219,998	542,773	779,554	605,809	799,517	925,340	3,362,718	2,975,991	3,096,461	1,868,894
Intergovernmental	1,935,257	2,388,989	2,040,858	2,582,458	2,310,871	1,429,852	2,576,501	4,535,311	5,627,326	4,190,331
Charges for services	3,580,518	3,555,706	3,317,149	3,396,761	1,842,536	3,519,930	2,422,355	309,482	4,986,735	4,743,090
Use of money and property	540,560	519,940	553,390	640,812	730,369	1,006,328	824,149	267,820	289,456	289,456
Fines and forfeitures	291,125	303,308	267,410	252,114	248,336	233,389	169,833	180,425	114,948	187,665
Contributions	27,671	15,873	13,724	13,502	26,157	15,448	17,137	12,350	10,042	-
Contributions from Successor Agency				103,932	250,000	250,000	250,000	250,000	250,000	250,000
Miscellaneous	538,711	123,840	250,000	457,486	547,331	710,285	669,559	6,812,371	2,157,866	1,124,165
Total Revenues	\$ 16,540,404	\$ 18,374,903	\$ 18,472,032	\$ 18,902,285	\$ 18,351,504	\$ 20,940,004	\$ 23,034,448	\$ 28,493,270	\$ 31,724,628	\$ 27,988,326
Expenditures										
General government	\$ 2,359,703	\$ 2,515,876	\$ 2,227,796	\$ 2,317,140	\$ 2,346,949	\$ 2,664,332	\$ 2,972,421	\$ 4,484,323	\$ 4,675,193	\$ 6,021,451
Public safety	9,322,284	8,973,171	9,529,941	10,063,201	10,944,961	11,153,944	13,075,950	13,563,927	15,284,905	15,989,435
Community Development		1,320,264	1,547,336	1,447,973	1,595,580	1,931,189	3,247,945	4,187,335	4,471,179	5,423,682
Culture and leisure	729,874	727,793	764,076	1,049,253	1,106,051	1,192,937	1,263,614	1,374,080	1,596,510	1,919,057
Public Works/Transportation	2,373,978	1,015,760	1,059,235	918,170	1,379,680	1,285,522	2,008,296	1,879,755	1,756,479	1,857,734
Capital outlay	818,606	1,660,791	963,545	1,203,917	1,536,697	1,628,584	3,867,445	3,353,979	4,677,919	3,911,660
Debt services:										
Principal retirement	333,112	345,721	358,806	579,198	460,329	478,835	416,296	212,276	-	179,036
Interest and fiscal charges	103,141	90,261	76,884	78,338	57,616	38,622	19,170	3,936	-	38,140
Total Expenditures	\$ 16,040,698	\$ 16,649,637	\$ 16,527,619	\$ 17,657,190	\$ 19,827,863	\$ 20,373,965	\$ 26,871,137	\$ 29,059,611	\$ 32,462,185	\$ 35,340,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 499,706	\$ 1,725,266	\$ 1,944,413	\$ 1,245,095	\$ (1,476,359)	\$ 566,039	\$ (3,836,689)	\$ (566,341)	\$ (737,557)	\$ (7,351,869)
Other Financing Sources (Uses)										
Transfers In	\$ 972,122	\$ 2,001,503	\$ 913,544	\$ 888,325	\$ 1,418,278	\$ 1,051,128	\$ 1,080,404	\$ 2,466,100	\$ 3,481,115	\$ 2,147,102
Refunding debt issued	(248,122)	(602,830)	(261,387)	(164,325)	(694,278)	(412,369)	(435,398)	(2,288,765)	(3,723,757)	(978,333)
Refunding debt issuance costs										
Subscriptions										
Leases										
Total Other Financing Sources (Uses)	\$ 724,000	\$ 1,398,673	\$ 652,157	\$ 724,000	\$ 724,000	\$ 638,759	\$ 645,006	\$ 177,335	\$ (242,642)	\$ 2,398,832
Extraordinary gain/(loss)/Special Items	²	\$ 8,801,033	⁵							
Net Change in Fund Balance	\$ 1,223,706	\$ 3,123,939	\$ 11,397,603	\$ 1,969,095	\$ (752,359)	\$ 1,204,798	\$ (3,191,683)	\$ (389,006)	\$ (980,199)	\$ (4,953,037)
Fund Balance, Beginning of Year, as previously reported	\$ 11,848,926	\$ 13,056,344	\$ 16,180,283	\$ 27,577,886	\$ 29,546,981	\$ 28,794,622	\$ 29,999,420	\$ 26,807,737	\$ 26,418,731	\$ 22,916,291
Restatements	³	(16,288)	⁴							(659,847)
Fund Balance, Beginning of Year, as restated	\$ 11,832,638	\$ 13,056,344	\$ 16,180,283	\$ 27,577,886	\$ 29,546,981	\$ 28,794,622	\$ 29,999,420	\$ 26,807,737	\$ 26,418,731	\$ 22,256,444
Fund Balance, End of Year	\$ 13,056,344	\$ 16,180,283	\$ 27,577,886	\$ 29,546,981	\$ 28,794,622	\$ 29,999,420	\$ 26,807,737	\$ 26,418,731	\$ 25,438,532	\$ 17,307,407

*Amounts reported prior to 2023 have not been restated.

Source: City of Banning Finance Department

⁴ Fiscal Year 2014 restatement of (\$16,288). Beginning fund balance previously reported \$11,848,926, restated Fund Balance \$11,832,638 due to properly recognize unearned Supplemental Law Enforcement revenue as unearned revenues, which was previously recorded as revenue without a corresponding expenditure/expense (Note 16)⁵ Special Item Fiscal Year 2016 - Pursuant to Health and Safety Code (the "HSC") § 34278 (c), the City of Banning came to an agreement with the Successor Agency to the dissolved community redevelopment agency of the City of Banning on January 26, 2016, to transfer excess bond proceeds to the city from the Successor Agency. This transfer of \$8,801,033 included assets and liabilities related to the unspent bond proceeds of the 2003 Tax Allocation Bonds and the 2007 Tax Allocation Bonds (Note 18)

CITY OF BANNING

Table 5 - Electric by Type of Customer (Revenues and Demand)

Last Ten Fiscal Years

Electric Fund	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Customers										
Residential	10,768	10,843	10,974	10,954	10,989	10,847	11,122	11,311	11,670	11,963
Commercial	1,000	1,003	1,012	1,022	1,027	1,044	1,091	1,091	1,107	1,125
Industrial	5	6	6	6	6	6	6	6	6	65
Other	121	123	120	120	118	119	120	120	120	123
Total Number of Customers	11,894	11,975	12,112	12,102	12,140	12,016	12,339	12,528	12,903	13,276
Mega-Watt Hour Sales⁽¹⁾										
Residential	66,352	67,692	66,768	72,585	70,204	69,128	69,908	76,089	76,899	81,813
Commercial	49,415	50,269	48,334	48,720	48,170	45,944	45,117	42,179	48,070	35,678
Industrial	13,379	11,638	10,527	10,939	10,722	11,375	12,296	11,213	10,967	29,488
Other	9,780	15,396	14,321	11,485	11,810	11,592	10,529	10,321	12,306	4,422
Total Mega-Watt Hour Sales	138,926	144,995	139,950	143,729	140,906	138,039	137,850	139,802	148,242	151,401
Revenues from Sales⁽¹⁾										
Residential	13,151,115	13,266,022	13,275,934	14,714,907	13,775,727	13,711,007	12,848,125	13,991,966	13,744,461	15,374,209
Commercial	10,624,022	10,613,239	10,372,350	10,655,013	10,262,343	9,726,219	9,571,183	8,919,933	10,036,854	6,612,678
Industrial	2,131,714	1,843,979	1,716,528	1,717,027	1,542,367	1,772,997	1,893,843	1,701,200	1,618,564	5,087,121
Other	1,296,415	2,082,082	1,951,446	1,591,987	1,589,801	1,505,272	1,410,311	1,402,497	1,690,771	647,385
Total Revenue from Sales	\$ 27,203,266	\$ 27,805,322	\$ 27,316,258	\$ 28,678,934	\$ 27,170,238	\$ 26,715,495	\$ 25,723,462	\$ 26,015,596	\$ 27,090,650	\$ 27,721,393
Peak Demand (MW)	40.5	42.4	44.5	46.3	49.1	49.0	44.1	51.2	49.6	52.7

⁽¹⁾ Metered Sales

Source: City of Banning Finance Department & Electric Utility

CITY OF BANNING**Table 6 - Electricity Rates**

Last Ten Fiscal Years

Electric Fund	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Average rate in Dollars per Kilowatt Hour										
Residential	0.1982	0.1960	0.1988	0.2027	0.1962	0.1983	0.1983	0.1839	0.1787	0.1879
Commercial	0.2150	0.2111	0.2146	0.2187	0.2130	0.2117	0.2117	0.2115	0.2088	0.1853
Industrial	0.1593	0.1584	0.1631	0.1570	0.1438	0.1559	0.1559	0.1517	0.1476	0.1725
Other	0.1326	0.1301	0.1363	0.1386	0.1346	0.1299	0.1299	0.1359	0.1374	0.1464

Source: City of Banning Electric Utility

CITY OF BANNING

Table 7 - Ten Largest Electric Customers
Current Year and Ten Years Ago

Electric Fund	Customer	Customer type	Fiscal Year 2023			Fiscal Year 2014			Rank
			% of Retail Sales	Sales	Consumption (kWh)	% of Retail Sales	Sales	Consumption (kWh)	
	City of Banning	Government	5.52%	1,689,006	9,735,835	6.99%	1,684,987	10,598,645	1
	Smith Correctional Facilities	Government	2.65%	809,619	5,235,692	4.51%	1,086,902	6,463,048	2
	San Geronio Hospital	Hospital	2.66%	812,547	4,714,745	2.13%	513,809	4,599,487	4
	Banning Unified School District	Government	2.35%	718,905	3,640,887	3.25%	784,780	4,126,842	3
	Robertson's Ready Mix	Commercial	1.59%	487,093	2,157,071	1.52%	366,065	1,934,370	6
	Sun Lakes Country Club HOA	Commercial	1.44%	440,985	2,146,211	2.11%	507,774	2,297,311	5
	Albertsons	Commercial	0.76%	231,038	1,667,623	1.30%	314,022	1,791,360	7
	Sunrise Mobile Home Park	Residential	0.63%	191,559	966,080	0.64%	155,060	920,000	10
	Twin View Mobile Home Park	Residential	0.43%	130,989	613,600	0.70%	169,800	974,878	8
	Frontier California	Commercial	0.39%	120,040	849,244	0.68%	163,217	895,440	9

Source: City of Banning Utility Billing Department

CITY OF BANNING

Table 8 - Water by Type of Customer (Revenues and Consumption)
Last Ten Fiscal Years

Water Fund		Fiscal Year									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Customers	Residential	9,727	9,730	9,793	9,739	9,867	9,732	9,796	9,987	10,395	10,736
	Commercial	715	711	716	710	730	725	660	823	705	650
	Industrial	10	10	10	10	9	10	90	118	12	30
	Public	47	47	46	47	44	41	34	36	37	38
	Irrigation	9	9	10	10	8	10	9	8	22	126
	Total Number of Customers	10,508	10,507	10,575	10,516	10,658	10,518	10,589	10,972	11,171	11,580
Consumption Sales	Residential	1,953,004	1,739,303	1,365,536	1,601,778	1,707,704	1,516,281	1,639,019	1,845,893	1,834,436	1,675,154
	Commercial	936,423	894,408	689,879	792,531	790,882	841,727	847,685	984,318	978,167	636,134
	Industrial	48,233	43,681	39,596	43,328	44,476	42,592	41,222	113,290	153,106	85,965
	Public	44,664	30,760	22,152	26,695	27,727	20,158	11,349	9,647	11,860	25,453
	Irrigation	443,188	399,781	285,798	407,890	372,531	300,097	390,106	357,127	424,309	459,865
	Total Consumption Sales	\$ 3,425,512	\$ 3,107,933	\$ 2,402,961	\$ 2,872,222	\$ 2,943,320	\$ 2,720,855	\$ 2,929,381	\$ 3,310,275	\$ 3,401,878	\$ 2,882,571
Revenues from Sales ⁽¹⁾	Residential	6,440,803	6,105,172	5,248,775	5,799,336	6,066,320	5,731,331	6,254,795	7,032,581	7,386,411	7,524,923
	Commercial	2,618,402	2,752,023	2,206,600	2,466,697	2,482,100	2,688,529	2,795,592	3,114,179	3,353,766	2,535,278
	Industrial	96,816	90,751	83,109	90,057	92,809	91,131	91,298	193,813	377,691	0
	Public	25,905	17,841	12,848	15,483	16,082	11,959	7,019	6,072	7,688	16,565
	Irrigation	1,054,230	976,946	718,469	998,708	915,149	735,148	1,011,087	935,774	1,172,316	1,499,478
	Total Revenue from Sales	\$ 10,236,157	\$ 9,942,734	\$ 8,269,801	\$ 9,370,281	\$ 9,572,460	\$ 9,258,098	\$ 10,159,791	\$ 11,282,419	\$ 12,297,872	\$ 11,576,244

(1) Metered Sales

Source: City of Banning Finance Department & Water Department

CITY OF BANNING

Table 9 - Water Rates

Last Ten Fiscal Years

Water Fund	Rates	Fiscal Year										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Monthly Water Charges												
Meter size												
	5/8 inch	\$ 20.94	\$ 20.94	\$ 20.94	\$ 20.94	\$ 20.94	\$ 21.57	\$ 22.22	\$ 22.88	\$ 23.57	\$ 25.74	
	3/4 inch	\$ 20.94	\$ 20.94	\$ 20.94	\$ 20.94	\$ 20.94	\$ 21.57	\$ 22.22	\$ 22.88	\$ 23.57	\$ 25.74	
	1 inch	\$ 31.75	\$ 31.75	\$ 31.75	\$ 31.75	\$ 31.75	\$ 32.70	\$ 33.68	\$ 34.69	\$ 35.73	\$ 38.36	
	1 1/2 inch	\$ 58.74	\$ 58.74	\$ 58.74	\$ 58.74	\$ 58.74	\$ 60.50	\$ 62.32	\$ 64.19	\$ 66.11	\$ 69.90	
	2 inch	\$ 91.14	\$ 91.14	\$ 91.14	\$ 91.14	\$ 91.14	\$ 93.87	\$ 96.69	\$ 99.59	\$ 102.58	\$ 107.75	
	3 inch	\$ 166.77	\$ 166.77	\$ 166.77	\$ 166.77	\$ 166.77	\$ 171.77	\$ 176.93	\$ 182.23	\$ 187.70	\$ 208.68	
	4 inch	\$ 274.83	\$ 274.83	\$ 274.83	\$ 274.83	\$ 274.83	\$ 283.07	\$ 291.57	\$ 300.31	\$ 309.32	\$ 322.23	
	6 inch	\$ 544.79	\$ 544.79	\$ 544.79	\$ 544.79	\$ 544.79	\$ 561.13	\$ 577.97	\$ 595.31	\$ 613.17	\$ 637.64	
	8 inch	\$ 868.83	\$ 868.83	\$ 868.83	\$ 868.83	\$ 868.83	\$ 894.89	\$ 921.74	\$ 949.39	\$ 977.88	\$ 1,016.14	
Commodity Charge (per HCF)												
Tier 1	0-12	\$ 1.84	\$ 1.84	\$ 1.84	\$ 1.84	\$ 1.84	\$ 1.90	\$ 1.95	\$ 2.01	\$ 2.07	\$ 2.42	
Tier 2	13-25	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.41	\$ 2.48	\$ 2.56	\$ 2.63	\$ 2.62	
Tier 3	26+	\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.72	\$ 2.80	\$ 2.88	\$ 2.97	\$ 3.15	
	Municipal (City/Parks)	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.63	\$ 0.65	\$ 0.65	

Source: City of Banning Water Utility

CITY OF BANNING

Table 10 - Ten Largest Water Customers
Current Year and Ten Years Ago

Water Fund

Customer	Customer type	Fiscal Year 2023				Fiscal Year 2014			
		% of Retail Sales	Sales	Consumption A/F	Rank	% of Retail Sales	Sales	Consumption A/F	Rank
Sun Lakes Country Club HOA	Commercial	10.91%	1,291,457	966.01	1	10.88%	981,844	918.6	1
Banning Unified School District	Government	3.84%	454,179	281.61	2	2.59%	234,202	246.7	2
Smith Correction Facility	Government	2.35%	278,493	166.66	3	2.50%	225,279	209.9	3
Banning Heights Mutual Water District	Utility	1.82%	214,920	191.67	4	1.00%	90,027	111.5	5
City of Banning	Government	1.31%	155,077	118.95	5	0.58%	52,308	207.0	7
Robertson's Ready Mix	Commercial	0.93%	109,719	192.26	6	1.09%	98,539	78.4	4
High Valley Water	Utility	0.80%	94,608	70.54	7	0.61%	55,218	49.8	6
Mountain Springs Mfg Home Comm	Residential	0.46%	54,850	39.46	8	0.48%	43,721	43.3	9
Peppertree Apartments	Residential	0.43%	50,805	36.37	9	0.50%	44,839	39.7	8
San Geronio Hospital	Hospital	0.41%	48,509	22.97	10	0.45%	40,942	37.8	10

Source: City of Banning Utility Billing Department

CITY OF BANNINGTable 11 - Wastewater by Type of Customer (Revenues)
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Wastewater Fund										
Number of Customers										
Residential/Commercial	10,695	10,678	10,756	10,698	10,702	10,701	10,815	11,151	11,679	11,720
Total Number of Customers	10,695	10,678	10,756	10,698	10,702	10,701	10,815	11,151	11,679	11,720
Revenues from Sales⁽¹⁾										
Residential/Commercial	3,086,099	3,124,358	3,142,411	3,230,542	3,339,942	3,323,385	3,480,853	3,770,460	3,685,173	4,444,619
Total Revenue from Sales	\$ 3,086,099	\$ 3,124,358	\$ 3,142,411	\$ 3,230,542	\$ 3,339,942	\$ 3,323,385	\$ 3,480,853	\$ 3,770,460	\$ 3,685,173	\$ 4,444,619

⁽¹⁾ User Fees

Source: City of Banning Finance Department & Water Department

CITY OF BANNING
Table 12 - Wastewater Rates
Last Ten Fiscal Years

Wastewater Fund Rates	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential/Commercial	18.48	18.48	18.48	18.48	18.48	19.03	19.61	20.19	20.80	30.20
Tertiary Surcharge	2.00	2.00	2.00	2.00	2.00	2.06	2.12	2.19	2.25	2.32
Total Charge	20.48	20.48	20.48	20.48	20.48	21.09	21.73	22.38	23.05	32.52

Source: City of Banning Water Utility

CITY OF BANNING

Table 13 - Ten Largest Wastewater Customers
Current Year and Ten Years Ago

Water Fund								
Customer	Customer type	Fiscal Year 2023			Fiscal Year 2014			
		% of Retail Sales	Sales	Rank	% of Retail Sales	Sales	Rank	
EDA Facilities Management	Institutional	6.31%	232,567	1	5.50%	148,294	1	
Sunrise Mobile Home Park	Residential	1.40%	51,528	2	1.53%	41,215	2	
Mountain Air Mobile Home Park	Residential	1.09%	40,316	3	1.05%	28,398	4	
Twin View Mobile Home Park	Residential	1.07%	39,504	4	1.20%	32,426	3	
HK Realty - Windscape Village Apartments	Residential	0.97%	35,708	5	1.01%	27,268	6	
Banning Unified School District	School	0.86%	31,649	6	1.04%	28,090	5	
Peppertree Apartments	Residential	0.67%	24,556	7	0.69%	18,641	7	
San Geronio Memorial Hospital	Institutional	0.54%	19,906	8	0.56%	15,182	8	
Sun Lakes Country Club & HOA	Commercial	0.15%	5,473	9	0.14%	3,744	9	
Albertson's Grocery Store	Commercial	0.10%	3,586	10	0.10%	2,752	10	

Source: City of Banning Utility Billing Department

CITY OF BANNING

Table 14 - Assessed Value of Taxable Property by Category
Last Ten Fiscal Years (in thousands of dollars)

Category	Fiscal Year									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Residential	1,231,205,686	1,361,770,501	1,456,038,822	1,529,223,488	1,616,626,647	1,703,563,175	1,795,364,039	1,879,909,686	2,005,026,310	2,316,482,807
Commercial	220,468,493	217,554,607	227,226,058	238,283,775	246,325,182	253,666,105	262,762,441	275,530,356	282,765,400	305,026,306
Industrial	51,018,407	50,397,147	42,649,123	45,657,917	51,131,650	53,034,191	54,209,548	56,428,204	56,416,962	112,831,454
Agricultural							1,269,688	27,094,871	11,670,860	13,249,219
Government Owned	41,769	-	-	19,600	19,992	20,391	20,800	21,216	21,435	21,864
Institutional	914,450	911,496	1,304,236	897,253	1,207,192	3,446,035	2,298,468	1,843,481	2,402,733	2,016,386
Miscellaneous	6,542,754	5,617,626	5,910,533	5,491,362	5,216,069	4,147,483	5,286,116	4,824,395	4,626,592	7,167,744
Recreational	462,799	464,897	474,181	481,408	491,035	500,854	510,868	521,084	526,481	537,009
Vacant	123,636,821	12,012,997	122,043,801	122,231,237	137,478,116	145,980,871	145,446,771	114,178,565	126,894,395	157,620,570
SBE Nonunitary	71,000	71,000	71,000	71,000	71,000	56,250	56,250	56,250	56,250	-
Cross Reference	16,794,672	16,767,086	18,032,076	17,535,587	17,426,796	21,443,971	18,882,075	19,986,636	20,706,438	21,105,184
Unsecured	58,614,332	51,249,393	47,306,695	39,554,059	48,043,330	51,853,726	52,547,634	57,534,510	55,051,147	58,811,020
Exempt	(9,621,151)	(9,813,510)	(10,009,717)	(10,349,091)	(9,894,532)	(10,092,353)	-	-	-	-
Unknown										
Totals	1,709,771,183	1,716,816,750	1,921,056,525	1,999,446,686	2,124,037,009	2,237,713,052	2,341,595,032	2,440,928,652	2,566,477,055	2,995,206,678
Total Direct Rate	0.14885	0.14821	0.14800	0.14786	0.14756	0.14747	0.14715	0.14723	0.14723	0.14656

Notes:

Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respects to the actual market value of taxable property and is subject to the limitations described above.

Data source: Riverside County Assessor 2013/14 - 2022/23 Combined Tax Rolls

Provided by HDL Coren & Cone

CITY OF BANNING

Table 15 - Property Tax Rates
All Overlapping Governments (rate per \$100 of assessed value)
Last Ten Fiscal Years

Agency	Fiscal Year									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Banning Unified School District	0.11284	0.10956	0.10826	0.10573	0.14473	0.14278	0.14526	0.14526	0.14588	0.14609
Beaumont Unified School District	0.09000	0.08169	0.07106	0.07193	0.07677	0.07432	0.07438	0.07431	0.07777	0.07777
Mt. San Jacinto Jr College	0.00000	0.00000	0.01394	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320
San Geronimo Pass Memorial Hospital Dist	0.11896	0.11296	0.08143	0.08357	0.09052	0.08692	0.06990	0.06716	0.06281	0.06242
San Geronimo Pass Wager Agency	0.18500	0.18500	0.18500	0.18500	0.18250	0.18250	0.17750	0.17500	0.17500	0.17500
Total Direct & Overlapping Tax² Rates	1.50680	1.48921	1.45969	1.45943	1.50772	1.49972	1.48024	1.47493	1.47466	1.47448

City's Share of 1% Levy Per Prop 13³

0.12228

Voter Approved City Debt Rate

0.12228

Redevelopment Rate⁴

0.12228

Total Direct Rate⁵

0.14885

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any vote approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as a general fund revenue.

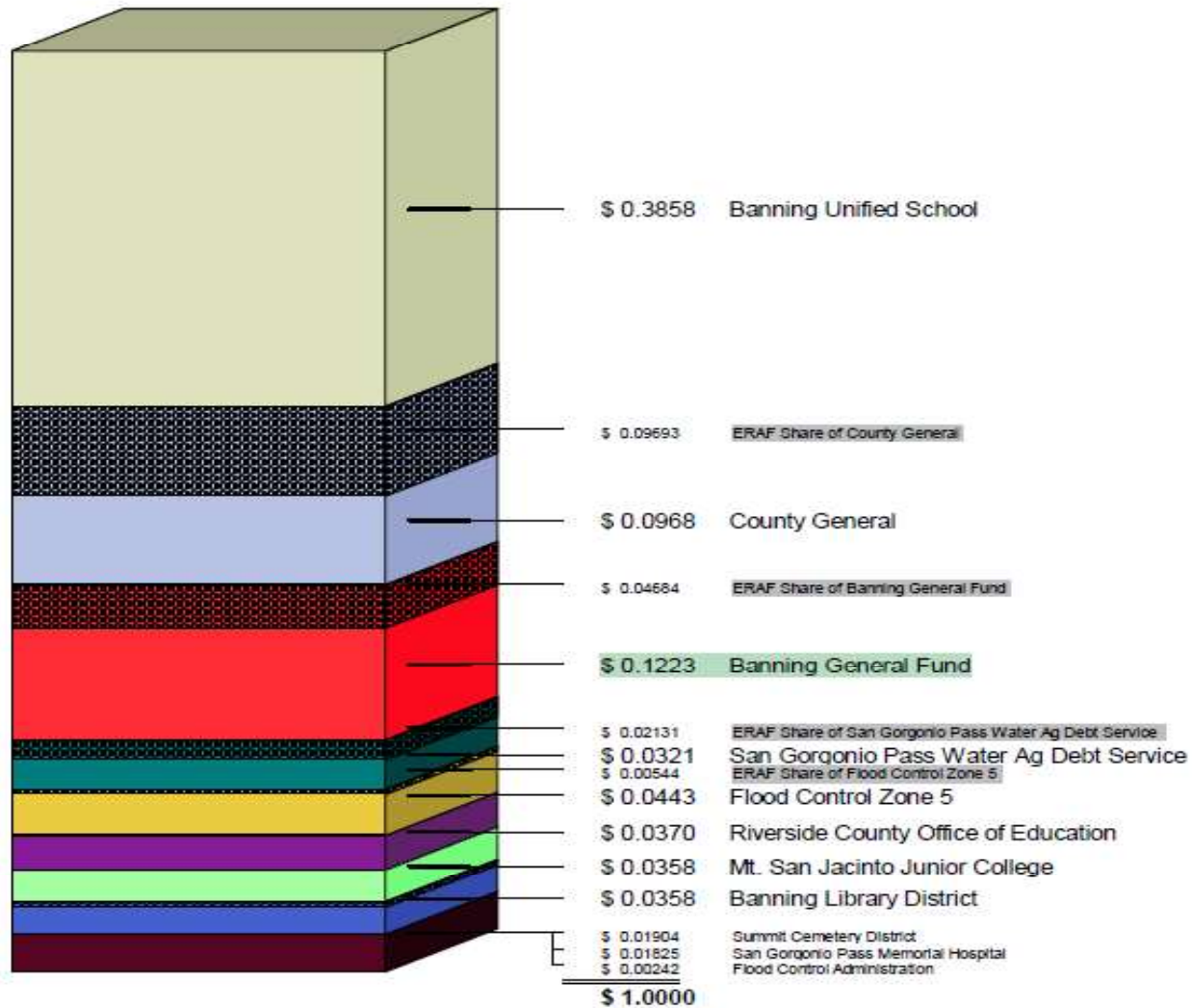
Data Source: Riverside County Assessor 2013/14 - 2022/23 Tax Rate Table

Provided by HDL Coren & Cone

CITY OF BANNING

Table 16 - Property Tax Rates
Property Tax Dollar Breakdown

THE CITY OF BANNING PROPERTY TAX DOLLAR BREAKDOWN



ATI (Annual Tax Increment) Ratios for Tax Rate Area 001-054. Excluding Redevelopment Factors & Additional Debt Service

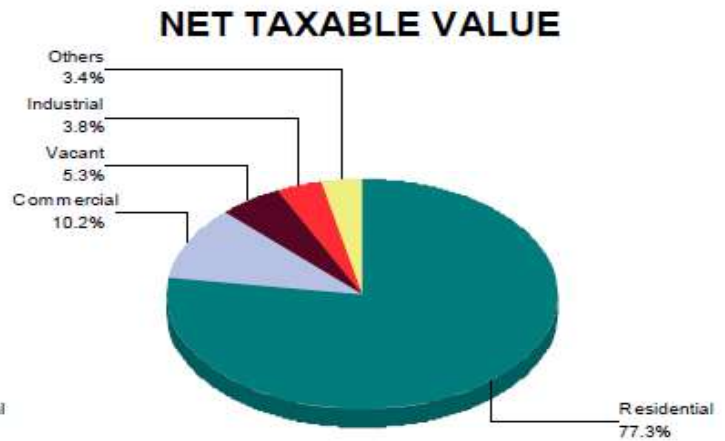
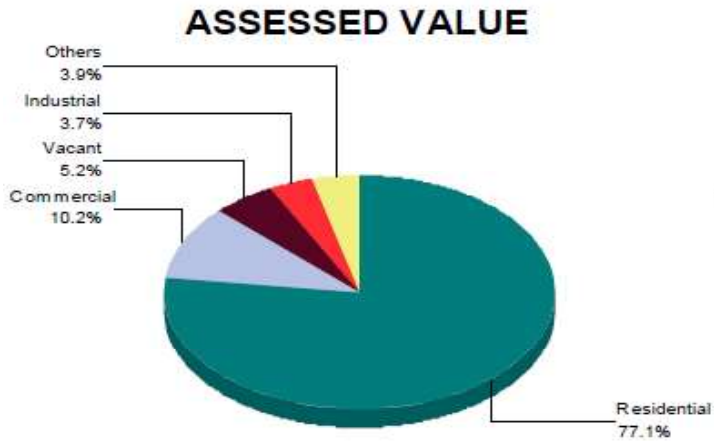
Data Source: Riverside County Assessor 2022/23 Annual Tax Increment Tables

Provided by HDL Coren & Cone

CITY OF BANNING

Table 17 - Use Category Summary & Roll Summary Fiscal Year 2022-23

Use Category Summary Category	Basic Property Value Table					
	Parcels	Assessed Value	%	Net Taxable Value	%	
Residential	10,745	\$ 2,357,018,203	77.1%	\$ 2,316,482,807	77.3%	
Commercial	310	\$ 312,119,081	10.2%	\$ 305,026,306	10.2%	
Industrial	58	\$ 112,831,454	3.7%	\$ 112,831,454	3.8%	
Agricultural	81	\$ 13,249,219	0.4%	\$ 13,249,219	0.4%	
Government Owned	1	\$ 583,628	0.0%	\$ 21,864	0.0%	
Institutional	47	\$ 16,846,375	0.6%	\$ 2,016,386	0.1%	
Miscellaneous	19	\$ 7,167,744	0.2%	\$ 7,167,744	0.2%	
Recreational	2	\$ 537,009	0.0%	\$ 537,009	0.0%	
Vacant	1,417	\$ 157,944,226	5.2%	\$ 157,620,570	5.3%	
SBE Nonunitary	-	\$ -	0.0%	\$ -	0.0%	
Cross Reference	(526)	\$ 21,263,163	0.7%	\$ 21,108,184	0.7%	
Unsecured	(429)	\$ 59,015,284	1.9%	\$ 58,811,020	2.0%	
Exempt	612	\$ -	0.0%	\$ -	0.0%	
Unknown	3	\$ 337,115	0.0%	\$ 337,115	0.0%	
Totals	13,295	\$ 3,058,912,501		\$ 2,995,209,678		



Data Source: Riverside County Assessor 2022/23 Combined Tax Rolls
 Provided by HDL Coren & Cone

CITY OF BANNING

Table 17 - Use Category Summary & Roll Summary Fiscal Year 2022-23

Roll Summary	Taxable Property Values		
	Secured	Nonunitary Utilities	Unsecured
Parcels	12,683	-	429
TRAs	17	-	12
VALUES			
Land	813,604,782	-	19,233
Improvements	2,178,580,782	-	259,278
Personal Property	4,019,315	-	27,844,213
Fixtures	3,692,338	-	28,680,400
Aircraft	-	-	2,212,160
Total Value	\$ 2,999,897,217	\$ -	\$ 56,803,124
EXEMPTIONS			
Real Estate	63,315,090	-	-
Personal Property	146,932	-	26,464
Fixtures	36,537	-	-
Aircraft	-	-	177,800
Homeowners*	34,422,362	-	-
Total Exemptions*	\$ 63,498,559	\$ -	\$ 26,464
Total Net Value	\$ 2,936,398,658	\$ -	\$ 56,776,660

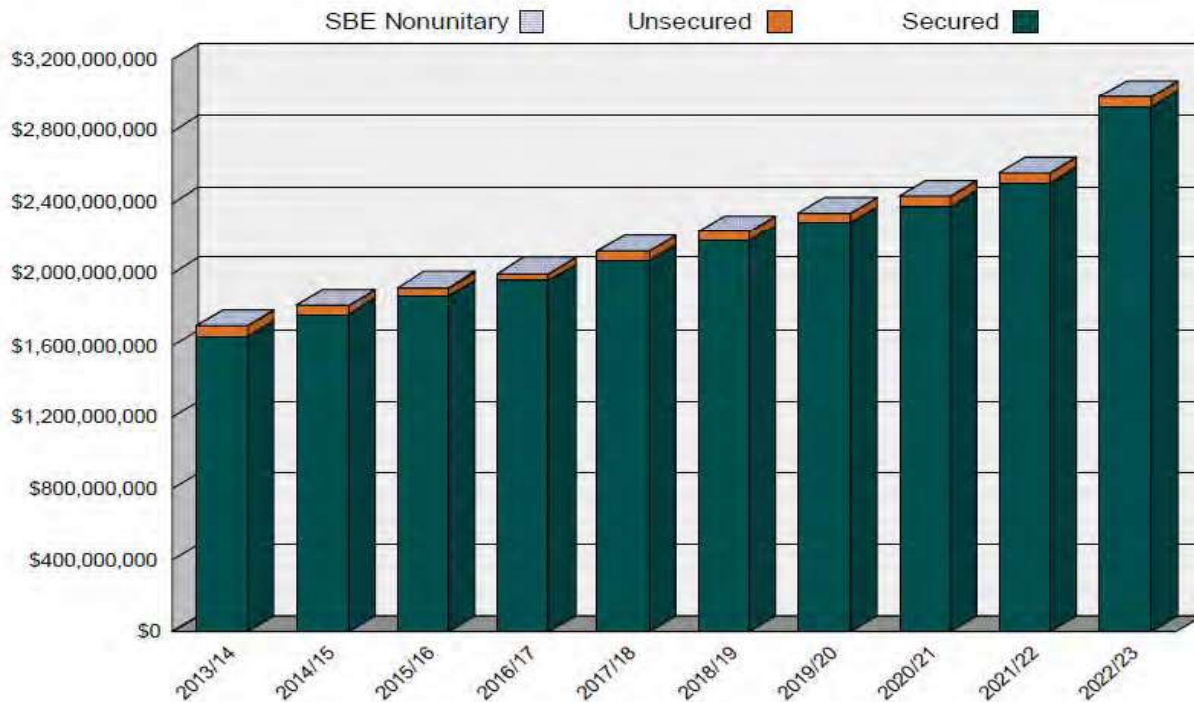
Combined Values	Total
Total Values	\$ 3,056,700,341
Total Exemptions	\$ 63,525,023
Net Total Values	\$ 2,993,175,318
Net Aircraft Values	\$ 2,034,360

Notes: *Homeowner Exemptions are not included in Total Exemptions
Totals do not include Aircraft Values or Exemptions

Data Source: Riverside County Assessor 2022/23 Combined Tax Rolls
Provided by HDL Coren & Cone

CITY OF BANNINGTable 18 - Net Taxable Assessed Value History
Last Ten Years

Taxable Property Values					
Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2013/14	\$ 1,651,085,851	\$ 58,614,332	\$ 71,000	\$ 1,709,771,183	4.59%
2014/15	\$ 1,773,613,357	\$ 51,249,393	\$ 71,000	\$ 1,824,933,750	6.74%
2015/16	\$ 1,873,678,830	\$ 47,306,695	\$ 71,000	\$ 1,921,056,525	5.27%
2016/17	\$ 1,959,821,627	\$ 39,554,059	\$ 71,000	\$ 1,999,446,686	4.08%
2017/18	\$ 2,075,922,679	\$ 48,043,330	\$ 71,000	\$ 2,124,037,009	6.23%
2018/19	\$ 2,185,803,076	\$ 51,853,726	\$ 56,250	\$ 2,237,713,052	5.35%
2019/20	\$ 2,288,991,148	\$ 52,547,634	\$ 56,250	\$ 2,341,595,032	4.64%
2020/21	\$ 2,383,337,892	\$ 57,534,510	\$ 56,250	\$ 2,440,928,652	4.24%
2021/22	\$ 2,511,369,658	\$ 55,051,147	\$ 56,250	\$ 2,566,477,055	5.14%
2022/23	\$ 2,936,398,658	\$ 58,811,020	\$ -	\$ 2,995,209,678	16.71%
Average % Change					8.34%



*Net AV Changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Data Source: Riverside County Assessor 2022/23 Combined Tax Rolls

Provided by HDL Coren & Cone

CITY OF BANNING

Table 19 - Principal Property Taxpayers
Current Year and Ten Years Ago

Fiscal Year 2022/2023		Secured			Unsecured			Combined		
Rank	Owner	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	Primary Use & Primary Agency
1	LPC Banning LP	2	\$ 46,061,851	1.57%				\$ 46,061,851	1.54%	Industrial Successor Agency
2	FR Hathaway LLC	6	\$ 26,565,000	0.90%				\$ 26,565,000	0.89%	Vacant Successor Agency
3	MLD Banning Investment	2	\$ 22,431,093	0.76%				\$ 22,431,093	0.75%	Commercial Banning General Fund
4	Pardee Homes	171	\$ 20,037,066	0.68%	5	\$ 1,390,995	2.37%	\$ 21,428,061	0.72%	Vacant Banning General Fund
5	Marinita Sage Rancho (Pending Appeals on Parcels)	1	\$ 14,369,303	0.49%				\$ 14,369,303	0.48%	Commercial Banning General Fund
6	Sun Sunrise Estates LLC	1	\$ 14,351,112	0.49%				\$ 14,351,112	0.48%	Residential Banning General Fund
7	Sun Lakes Investment LLC	4	\$ 12,030,979	0.41%				\$ 12,030,979	0.40%	Commercial Banning General Fund
8	Sun Lakes Highland LLC	1	\$ 10,608,000	0.36%				\$ 10,608,000	0.35%	Vacant Banning General Fund
9	Thrifty Payless Inc	2	\$ 10,292,245	0.35%	1	\$ 159,740	0.27%	\$ 10,451,985	0.35%	Commercial Successor Agency
10	6109 W Ramsey LLC	1	\$ 9,625,282	0.33%				\$ 9,625,282	0.32%	Commercial Successor Agency
Top Ten Total		191	\$ 186,371,931	6.34%	6	\$ 1,550,735	2.64%	\$ 187,922,666	6.28%	
City Total			\$ 2,936,398,658			\$ 58,811,020		\$ 2,995,209,678		

Top Owners using sales through 6/30/2023

Data Source: Riverside County Assessor 2022/23 Combined Tax Rolls and the SBE Non Unitary Tax Roll

Provided by HDL Coren & Cone

CITY OF BANNING

Table 19 - Principal Property Taxpayers
Current Year and Ten Years Ago

Fiscal Year 2012/2013		Secured			Unsecured			Combined		Primary Use & Primary Agency
Rank	Owner	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1	MLD Banning Investment	2	\$ 18,951,429	1.19%				\$ 18,951,429	1.16%	Commercial Banning General Fund
2	Sun Lakes Investment	4	\$ 9,967,661	0.63%				\$ 9,967,661	0.61%	Commercial Successor Agency
3	MG Banning	3	\$ 9,887,219	0.62%				\$ 9,887,219	0.60%	Industrial Banning General Fund
4	Beaver Kirkmulon	1	\$ 9,166,379	0.58%				\$ 9,166,379	0.56%	Commercial Successor Agency
5	RRM Properties Limited	19	\$ 8,940,396	0.56%	1	\$ 21,451	0.05%	\$ 8,961,847	0.55%	Miscellaneous Successor Agency
6	Semain Brothers Partnership	8	\$ 7,663,256	0.48%				\$ 7,663,256	0.47%	Residential Banning General Fund
7	OSI Partnership 1	4	\$ 7,431,894	0.47%				\$ 7,431,894	0.45%	Vacant Successor Agency
8	Pardee Homes	26	\$ 7,413,902	0.47%				\$ 7,413,902	0.45%	Vacant Successor Agency
9	Wilson Investment	2	\$ 7,245,180	0.46%				\$ 7,245,180	0.44%	Commercial Successor Agency
10	Tine Warner Entertainment	1	\$ 2,122,000	0.13%	4	\$ 4,990,954	10.49%	\$ 7,112,954	0.44%	Unsecured Successor Agency
Top Ten Total		70	\$ 88,789,316	5.59%	5	\$ 5,012,405	10.54%	\$ 93,801,721	5.74%	
City Total			\$ 1,587,207,683			\$ 47,576,655		\$ 1,634,784,338		

Top Owners using sales through 6/30/2013

Data Source: Riverside County Assessor 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll

Provided by HDL Coren & Cone

CITY OF BANNINGTable 20 - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Amount Collected in Subsequent Year	Total Tax Collections	Percentage of Levy
		Amount	Percentage of Levy			
2013	1,926,973	1,810,496	93.96%	71,271.05	1,881,767	97.65%
2014	1,998,817	1,908,850	95.50%	60,908.35	1,969,758	98.55%
2015	2,157,676	2,079,042	96.36%	54,380.64	2,133,422	98.88%
2016	2,272,476	2,196,000	96.63%	48,703.86	2,244,704	98.78%
2017	2,364,118	2,364,411	100.01%	52,340.69	2,416,752	102.23%
2018	2,496,693	2,481,424	99.39%	5,462.38	2,486,886	99.61%
2019	2,602,851	2,601,581	99.95%	6,148.21	2,607,730	100.19%
2020	2,754,802	2,698,938	97.97%	4,931.37	2,703,869	98.15%
2021	2,820,588	2,722,228	96.51%	-	2,722,228	96.51%
2022	2,932,779	2,926,208	99.78%	-	2,926,208	99.78%
2023	3,302,863	3,297,166	99.83%	-	3,297,166	99.83%

Source: Riverside County Auditor-Controller's Office - Property Tax Division and Banning Finance Department

Tax Levy Based on Statement of Original Charge General Purpose Distribution (Secured Original Charge, Unsecured Original Charge and Homeowners Exemption)

CITY OF BANNING

Table 21 - Sales Tax by Major Business Groups
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Major Business Group										
Autos and Transportation	421,344	507,338	607,279	642,783	761,037	785,604	830,122	1,125,093	1,138,481	995,087
Building and Construction	97,873	88,266	106,345	111,590	119,694	88,340	146,626	85,005	101,542	135,077
Business and Industry	64,436	57,275	51,601	76,463	58,231	224,798	105,216	111,339	153,353	182,403
Food and Drugs	202,928	217,538	225,680	227,999	225,762	259,357	249,480	313,934	373,892	376,065
Fuel and Service Stations	477,641	416,109	376,501	391,555	417,517	497,109	398,008	423,646	567,900	549,820
General Consumer Goods	205,372	130,643	114,365	226,089	275,627	274,043	254,450	359,749	360,989	388,181
Restaurants and Hotels	354,938	376,903	394,093	412,271	445,318	478,995	426,049	462,645	533,890	549,308
Transfers & Unidentified	-	218	-	(3,036)	-	(1,166)	(5,087)	86	193	5,078
Total Major Business Groups	1,824,532	1,794,290	1,875,864	2,085,714	2,303,186	2,607,080	2,404,864	2,881,497	3,230,240	3,181,019
Gross Sales Tax Allocations										
Major Business Groups	1,824,532	1,794,290	1,875,864	2,085,714	2,303,186	2,607,080	2,404,864	2,881,497	3,230,240	3,181,018
Allocations from County Pool	197,907	191,099	221,983	247,355	299,013	400,864	369,781	576,162	547,494	526,544
Allocations from State Pool	1,250	1,166	897	1,143	1,292	1,311	1,207	2,027	188	1,601
Total Gross Sales Tax Allocations	2,023,689	1,986,555	2,098,744	2,334,212	2,603,491	3,009,255	2,775,852	3,459,686	3,777,922	3,709,163

Data Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

CITY OF BANNING

Table 22 - Top 25 Sales Tax Producers
Current Year and Ten Years Ago

For Calendar Year 2013		For Calendar Year 2022	
Business Name*	Business Category	Business Name*	Business Category
22nd Shell	Service Stations	Albertsons	Grocery Stores
Albertsons	Grocery Store	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Auto Zone	Automotive Supply Stores
Auto Source	Used Automotive Dealers	Banning Arco	Service Stations
AutoZone	Automotive Supply Stores	Banning RV Discount Centers	Trailers/RVs
Banning Arco	Service Stations	Big 5 Sporting Goods	Sporting Goods/Bike Stores
Banning RV Discount Centers	Trailers/RV's	Carl's Jr.	Quick-Serve Restaurants
Big Lots	Variety Store	Chevron	Service Stations
Carls Jr	Quick-Serve Restaurants	Coyne Powersports	Boats/Motorcycles
Chevron	Service Stations	Culture Cannabis Club	Cannabis Related
Coyne Powerports	Boats/Motorcycles	Diamond Hills Chevrolet Buick GMC	New Motor Vehicle Dealers
Del Taco	Quick-Serve Restaurants	Harbor Freight Tools	Building Materials
Diamond Hills Auto Group	Service Stations	Harvest Corner	Cannabis Related
Highland Springs Mobil	Service Stations	Highland Springs Mobil	Service Stations
Jack In The Box	Drug Stores	Hobby Lobby	Specialty Stores
Kmart	Discount Dept Stores	Jack in the Box	Quick-Serve Restaurants
McDonalds	Quick-Serve Restaurants	Marshalls	Family Apparel
Mobil	Service Stations	McDonalds	Quick-Serve Restaurants
Rite Aid	Drug Stores	Mobil	Service Stations
Sizzler	Casual Dining	Rite Aid	Drug Stores
Smart & Final	Grocery Store	Shell	Service Stations
Sun Lakes Country Club	Leisure/Entertainment	Sizzler	Casual Dining
Walgreens	Drug Stores	Smart & Final	Grocery Stores
Wausau Tile	Contractors	Walgreens	Drug Stores
Western Hydro	Contractors	Western Hydro	Contractors

Percent of Fiscal Year Total Paid by Top 25 Accounts = 68.92%

Period: January 2013 Thru December 2013

*Firms listed Alphabetically

Data Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Percent of Fiscal Year Total Paid by Top 25 Accounts = 68.66%

Period: January 2022 Thru December 2022

CITY OF BANNING

Table 23 - Pledged Revenue Coverage
Last Ten Fiscal Years

REVENUE BONDS - ELECTRIC FUND

Fiscal Year	Operating Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total Coverage
2014	30,421,655	25,121,732	5,299,923	880,000	1,787,638	2,667,638 1.99
2015	29,671,254	24,687,062	4,984,192	935,000	1,737,038	2,672,038 1.87
2016	30,087,832	26,197,793	3,890,039	1,360,000	1,062,224	2,422,224 1.61
2017	33,879,947	30,002,023	3,877,924	1,005,000	1,418,744	2,423,744 1.60
2018	30,807,738	29,280,864	1,526,874	1,045,000	1,378,544	2,423,544 0.63
2019	31,541,706	27,171,125	4,370,581	1,095,000	1,326,294	2,421,294 1.81
2020	30,202,798	27,264,082	2,938,716	1,150,000	1,271,544	2,421,544 1.21
2021	32,429,837	28,767,977	3,661,860	1,210,000	1,214,044	2,424,044 1.51
2022	31,007,497	27,004,589	4,002,908	1,275,000	1,153,544	2,428,544 1.65
2023	34,139,023	30,885,444	3,253,579	1,335,000	1,089,794	2,424,794 1.34

Data Source: City of Banning Finance Department, Bond Covenants and Annual Continuing Disclosure documents

Notes: Pursuant to the Installment Sale Agreement, Operation and Maintenance Costs do not include debt service or similar payments on Parity Obligations, depreciation or amortization of intangibles or other bookkeeping entries of similar nature, or public benefit program expenditures.

Operating Expenses includes the City's proportionate share of SCPA's obligations.

The 2007 Bonds were refunded by the 2015 Bonds on September 9, 2015

Debt service on the 2015 Bonds began in fiscal year 2015/16

Operating Revenue: although the City's Electric Utility maintains a Rate Stabilization Fund that had balances of \$6,357,338, at June 30, 2018; \$6,305,770 at June 30, 2017; \$6,280,510 at June 30, 2016; \$6,258,242 at June 30, 2015; and \$6,032,185 at June 30, 2014, the Electric Rate Stabilization Fund balances have been excluded from total gross revenues as these funds were not appropriated as revenue and had the necessary budgetary action to release fund balance be taken in Fiscal Year ending June 30, 2018, the available fund balance would have been sufficient to provide for the minimum required debt service coverage, same for Fiscal year 2011.

CITY OF BANNING

Table 23 - Pledged Revenue Coverage
Last Ten Fiscal Years

[illegible]

Data Source: City of Banning Finance Department and Bond Covenants and Annual Continuing Disclosure documents

Notes: Pursuant to the Indenture, Water Operation and Maintenance Expenses do not include debt service or similar payments on Parity Obligations, depreciation or amortization of intangibles or other bookkeeping entries of similar nature.

other bookkeeping entries of similar nature.

The 2005 Bonds were refunded by the 2015 Bonds on September 9, 2015

Debt Service on the 2015 Bonds began in Fiscal Year 2015/16

CITY OF BANNING

Table 23 - Pledged Revenue Coverage
Last Ten Fiscal Years

REVENUE BONDS - WASTEWATER FUND

Fiscal Year	Operating Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				Total	Coverage
				Revenue Bond	Interest	Principal	Interest		
				CA Water Resource Control Board Loan					
2014	3,525,838	1,995,443	1,530,395	145,000	245,248	247,802	56,485	694,535	2.20
2015	3,531,808	1,999,208	1,532,600	155,000	239,395	254,246	50,043	698,684	2.19
2016	3,548,541	1,910,147	1,638,394	160,000	233,094	260,857	43,432	697,383	2.35
2017	3,688,410	2,045,413	1,642,997	165,000	226,430	267,639	36,650	695,719	2.36
2018	3,838,717	2,087,099	1,751,618	170,000	219,606	274,597	29,692	693,895	2.52
2019	4,126,301	2,580,758	1,545,543	180,000	212,494	281,737	22,552	696,783	2.22
2020	4,113,072	2,928,887	1,184,185	185,000	204,966	289,062	15,227	694,255	1.71
2021	3,825,768	2,768,148	1,057,620	195,000	197,128	296,578	7,711	696,417	1.52
2022	4,273,846	2,719,904	1,553,942	200,000	188,606			388,606	4.00
2023	5,222,687	3,094,340	2,128,347	210,000	179,381			389,381	5.47

Data Source: City of Banning Finance Department and Bond Covenants and Annual Continuing Disclosure documents

Notes: Pursuant to the Wastewater Indenture, Wastewater Operation and Maintenance Expenses do not include debt service or similar payments or parity debt, depreciation or amortization of intangible or other bookkeeping entries of similar nature.

The 2005 Bonds were refunded by the 2019 Bonds and redeemed on November 23, 2019

Debt Service on the 2019 Bonds commences in the 2020 Bond year.

Water Resource Control Board loan paid off in Oct 2020

CITY OF BANNING

Table 23 - Pledged Revenue Coverage
Last Ten Fiscal Years

TAX ALLOCATION BONDS - SUCCESSOR AGENCY

Fiscal Year	Tax Increment	Debt Service Requirements						Total	Coverage
		2003 Tax Allocation Bonds		2007 Tax Allocation Bonds		2016 Refunding Tax Allocation Bond			
		Principal	Interest	Principal	Interest	Principal	Interest		
2014	3,184,770	460,000	497,995	695,000	1,163,716			2,816,711	1.13
2015	1,648,964	480,000	478,895	710,000	1,137,391			2,806,286	0.59
2016	3,541,209	500,000	458,370	750,000	1,111,466			2,819,836	1.26
2017	3,759,131	520,000	436,370	780,000	1,083,829			2,820,199	1.33
2018	2,722,510					1,075,000	1,005,364	2,080,364	1.31
2019	2,506,684					1,205,000	990,023	2,195,023	1.14
2020	2,719,347					1,220,000	971,404	2,191,404	1.24
2021	2,411,372					1,240,000	949,712	2,189,712	1.10
2022	2,261,732					1,265,000	924,838	2,189,838	1.03
2023	2,465,551					1,290,000	896,718	2,186,718	1.13

Data Source: City of Banning Finance Department and Bond Covenants and Financial Statements

Notes: Fiscal Year 2014 -Note 15 Successor Agency Trust for Assets of Former Redevelopment Agency (e) 2003 Tax Allocation Bonds (f) 2007 Tax Allocation Bonds (i) Pledged Revenue

Fiscal Year 2015 -Note 16 Successor Agency Trust for Assets of Former Redevelopment Agency (e) 2003 Tax Allocation Bonds (f) 2007 Tax Allocation Bonds (i) Pledged Revenue

Fiscal Year 2016 -Note 16 Successor Agency Trust for Assets of Former Redevelopment Agency (e) 2003 Tax Allocation Bonds (f) 2007 Tax Allocation Bonds (i) Pledged Revenue

Fiscal Year 2017 -Note 16 Successor Agency Trust for Assets of Former Redevelopment Agency (e) 2003 Tax Allocation Bonds (f) 2007 Tax Allocation Bonds (i) Pledged Revenue

September 22, 2016 Successor Agency of the Dissolved Redevelopment Agency of the City of Banning issued Tax Allocation Refunding Bonds, Series 2016 (Taxable)

As result the refunding bonds defeased the liability of the 2003 and 2007 Taxable Allocation Bonds

Fiscal Year 2018 -Note 16 Successor Agency Trust for Assets of Former Redevelopment Agency (d) 2016 Tax Allocation Refunding Bonds, Pledged Revenue

Fiscal Year 2019 -Note 17 Successor Agency Trust for Assets of Former Redevelopment Agency (e) 2016 Tax Allocation Refunding Bonds, (g) Pledged Revenue

Fiscal Year 2020 -Note 17 Successor Agency Trust for Assets of Former Redevelopment Agency (g) 2016 Tax Allocation Refunding Bonds, (g) Pledged Revenue

Fiscal Year 2021 -Note 17 Successor Agency Trust for Assets of Former Redevelopment Agency (g) 2016 Tax Allocation Refunding Bonds, (g) Pledged Revenue

Fiscal Year 2022 -Note 17 Successor Agency Trust for Assets of Former Redevelopment Agency (g) 2016 Tax Allocation Refunding Bonds, (g) Pledged Revenue

Fiscal Year 2023 -Note 17 Successor Agency Trust for Assets of Former Redevelopment Agency (g) 2016 Tax Allocation Refunding Bonds, (g) Pledged Revenue

CITY OF BANNING

Table 24 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	2003 Tax Allocation Bonds	2007 Tax Allocation Bonds	Loans Payable	2011 Refunding Lease	Glick Note Payable	Ford Motor Credit Vehicle Lease	Total Governmental Activities
2011	11,425,000	29,355,000	1,133,602	3,455,000			45,368,602
2012	- ¹	- ¹	-	3,147,156			3,147,156
2013	-	-	-	2,826,192			2,826,192
2014	-	-	-	2,493,082			2,493,082
2015	-	-	-	2,147,361			2,147,361
2016	-	-	-	1,788,555	125,007		1,913,562
2017	-	-	-	1,416,167	- ⁴	151,569	1,567,736
2018	-	-	-	1,029,684	-	77,723	1,107,407
2019	-	-	-	628,572	-	-	628,572
2020	-	-	-	212,726	-	-	212,726
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-

Fiscal Year	Business Type Activities						
	Loans Payable	2005 Water Revenue Bond	2005 Wastewater Revenue Bond	2007 Electric Revenue Bond	2015 Electric Refunding Bond	2015 Water Revenue Bond	Total Business-Type Activities
2012	2,414,042	31,480,000	5,700,000	36,935,000			76,529,042
2013	2,172,519	30,740,000	5,560,000	36,085,000			74,557,519
2014	1,924,715	29,970,000	5,415,000	35,205,000			72,514,715
2015	1,670,469	29,165,000	5,260,000	34,270,000			70,365,469
2016	1,409,613	- ²	5,100,000	- ³	30,395,000	24,420,000	61,324,613
2017	1,141,974	-	4,935,000	-	29,390,000	23,965,000	59,431,974
2018	867,377	-	4,765,000	-	28,345,000	23,235,000	57,212,377
2019	585,640	-	4,585,000	-	27,250,000	22,490,011	54,910,651
2020	296,578	- ⁵	-	-	26,100,000	21,520,011	51,936,589
2021	- ⁶	-	-	-	24,890,000	20,500,010	49,190,010
2022	-	-	-	-	23,615,000	19,425,011	46,620,011
2023	-	-	-	-	22,280,000	18,295,011	43,930,011

CITY OF BANNING

Table 24 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities	Total Primary Government	Total Personal Income	Percentage of Personal Income	Population	Per Capita
2012	3,147,156	76,529,042	79,676,198	610,207,000	13.06%	29,965	2,659
2013	2,826,192	74,557,519	77,383,711	622,075,000	12.44%	30,170	2,565
2014	2,493,082	72,514,715	75,007,797	609,714,000	12.30%	30,325	2,473
2015	2,147,361	70,365,469	72,512,830	618,818,000	11.72%	30,306	2,393
2016	1,913,562	61,324,613	63,238,175	613,060,000	10.32%	30,834	2,051
2017	1,567,736	59,431,974	60,999,710	609,946,000	10.00%	31,068	1,963
2018	1,107,407	57,212,377	58,319,784	598,427,000	9.75%	31,282	1,864
2019	628,572	54,910,651	55,539,223	598,336,000	9.28%	31,044	1,789
2020	212,726	51,936,589	52,149,315	631,804,000	8.25%	31,125	1,675
2021	- ⁷	49,190,010	49,190,010	711,049,000	6.92%	32,233	1,526
2022	-	46,620,011	46,620,011	762,033,000	6.12%	30,877	1,510
2023	-	43,930,011	43,930,011	739,762,000	5.94%	31,250	1,406

Notes:

Details regarding the City's outstanding debt can be found in Note 8 of the financial statements (Note 9 in fiscal year 2011).

Personal income and population data provided by HdL Coren & Cone and can be found on Table 27 Demographic and Economic Statistics

¹ Transferred to Successor Agency, 2003 Tax Allocation Bonds \$11,000,000, 2007 Tax Allocation Bonds \$28,850,000 and Loans Payable \$1,116,339 in Fiscal Year 2012

² 2005 Water Revenue Bonds were refunded by the issuance of the 2015 Water Enterprise Revenue Bonds, Refunding and Improvement Projects on August 19, 2015

³ 2007 Electric Revenue Bonds were refunded with the issuance of the 2015 Electric Revenue Refunding Bonds on August 19, 2015.

⁴ Loan Payable is a liability that was transferred from the Successor Agency and became an obligation to the City during fiscal year 2017. The City paid off the balance of the note during the fiscal year. At June 30, 2017 the outstanding balance was zero.

⁵ 2005 Wastewater Revenue Bonds were refunded with the issuance of the 2019 Wastewater Enterprise Revenue Bonds on October 24, 2019

⁶ 2011 Refunding lease agreement was paid off in fiscal year 2021

⁷ Loan Payable - California Water Resource Control Board was paid off in fiscal year 2021

CITY OF BANNING

Table 25 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2023

	Total Debt 6/30/2023	Percentage Applicable to Banning	City's Share of Debt 6/30/2023
2022-2023 Assessed Value \$2,995,077,432		(1)	
Overlapping Tax and Assessment Debt:			
Mount San Jacinto Community College District	\$ 247,850,000	2.514%	\$ 6,230,949
Banning Unified School District	\$ 55,637,555	72.276%	\$ 40,212,599
Beaumont Unified School District	\$ 113,432,731	4.392%	\$ 4,981,966
San Geronio Memorial Healthcare District	\$ 108,699,780	23.553%	\$ 25,602,059
City of Banning 1915 Act Bonds	\$ 1,675,000	100.000%	\$ 1,675,000
California Statewide Community Development Authority 1915 Act Bonds	\$ 32,660,000	100.000%	\$ 32,660,000
Total Overlapping Tax and Assessment Debt			\$ 111,362,574
Direct and Overlapping General Fund Debt			
Riverside County General Fund Obligations	\$ 686,776,829	0.827%	\$ 5,679,644
Riverside County Pension Obligations	\$ 748,540,000	0.827%	\$ 6,190,426
Banning Unified School District Certificates of Participation	\$ 8,376,000	72.276%	\$ 6,053,838
Beaumont Unified School District Certificates of Participation	\$ 5,351,389	4.392%	\$ 235,033
City of Banning Certificates of Participation	\$ -	100.000%	\$ 18,158,941
Overlapping Tax Increment Debt (Successor Agency)	\$ 24,960,000	100.000%	\$ 24,960,000
Total Direct Debt			\$ -
Total Overlapping Debt			\$ 154,481,514
Combined Debt			\$ 154,481,514 (2)

Notes:

Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the city.

(1) The percentage of overlapping debt applicable to the City is estimated by using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and nonbonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.72%
Total Direct Debt (\$0)	0.00%
Combined Total Debt	5.16%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$676,168,041):

Total Overlapping Tax Incremental Debt	3.69%
--	-------

KD:(\$500)

Data Source

California Municipal Statistics

City Finance Department

CITY OF BANNING

Table 26 - Legal Debt Margin Information
Last Ten Fiscal Years (dollars in thousands)

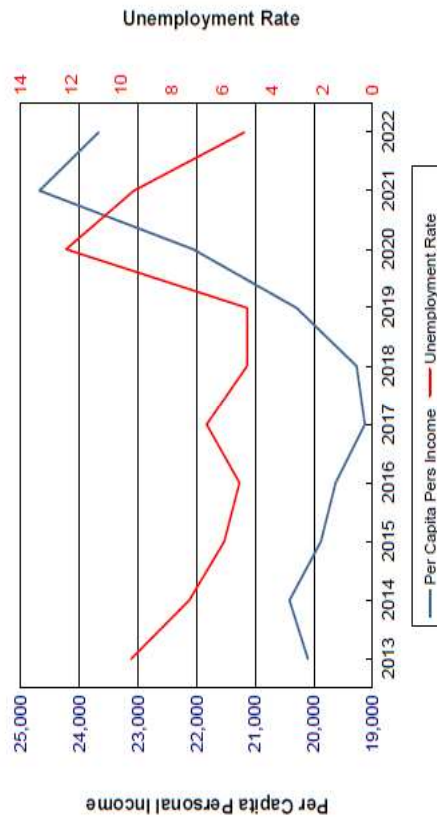
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed valuation	1,709,771,183	1,824,933,750	1,921,056,525	1,999,446,686	2,124,037,009	2,237,713,052	2,341,595,032	2,440,653,328	2,566,106,499	2,995,077,432
Debt Limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	256,465,677	273,740,063	288,158,479	299,917,003	318,605,551	335,656,958	351,239,255	366,097,999	384,915,975	449,261,615
Total Net Debt Applicable to the Limit General Obligation Bonds										
Legal Debt Margin	256,465,677	273,740,063	288,158,479	299,917,003	318,605,551	335,656,958	351,239,255	366,097,999	384,915,975	449,261,615
Total Debt Applicable to the limit as a Percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note:

Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

CITY OF BANNINGTable 27 - Demographics and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2013	30,325	\$ 609,714	\$ 20,106	9.6%	47.0	79.9%	16.6%
2014	30,306	\$ 618,818	\$ 20,419	7.3%	46.4	80.3%	15.8%
2015	30,834	\$ 613,060	\$ 19,882	5.9%	45.1	80.5%	15.8%
2016	31,068	\$ 609,946	\$ 19,632	5.3%	42.6	80.0%	15.1%
2017	31,282	\$ 598,427	\$ 19,130	6.6%	39.9	79.2%	15.3%
2018	31,044	\$ 598,336	\$ 19,273	5.0%	40.0	79.8%	15.4%
2019	31,125	\$ 631,804	\$ 20,298	5.0%	39.6	79.0%	15.5%
2020	32,233	\$ 711,049	\$ 22,059	12.2%	41.5	79.1%	15.3%
2021	30,877	\$ 762,033	\$ 24,679	9.5%	43.6	80.7%	16.4%
2022	31,250	\$ 739,762	\$ 23,672	5.1%	43.1	81.2%	16.1%

Personal Income and Unemployment

Notes and Data Sources:

Provided by HdL, Coren & Cone

Population: California State Department of Finance. Unemployment Data: California Employment Development Department

2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to

date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries

2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

Education Level Attained for Population 25 and Over

CITY OF BANNING

Table 28 - Top 20 Principal Employers

Current Fiscal Year

Employer	Business Description	Number of Employee Range
Stagecoach Motor Inn	Hotels (Except Casino Hotels) & Motels	500 to 999
Cherry Valley Health Care	Nursing Care Facilities (Skilled Nursing Fclts)	100 to 249
Green Thumb Produce	Other Post-Harvest Crop Activities	100 to 249
Sun Lakes Country Club	Other Similar Organizations	100 to 249
Banning, City	Legislative Bodies	100 to 249
Banning High School	Elementary & Secondary Schools	100 to 249
Help Center	Other Social Advocacy Organizations	100 to 249
Morongo Indian Health	Freestanding Ambulatory Surgical & Emergency Ctrs	100 to 249
Riverside County Public Social	Legislative Bodies	100 to 249
Silent Valley Club Inc	Rv (Recreational Vehicle) Parks & Campgrounds	100 to 249
Banning Healthcare	Nursing Care Facilities (Skilled Nursing Fclts)	50 to 99
Banning Police Dept	Police Protection	50 to 99
Poison Spyder	Other Motor Vehicle Parts Manufacturing	50 to 99
Albertsons	Supermarkets/Other Grocery (Exc Convenience) Strs	50 to 99
Coombs Middle School	Elementary & Secondary Schools	50 to 99
Central Elementary School	Elementary & Secondary Schools	50 to 99
Nicolet Middle School	Elementary & Secondary Schools	50 to 99
Beaver Medical Group	All Other Misc Ambulatory Health Care Services	50 to 99
Banning Alternative Education	Elementary & Secondary Schools	50 to 99
Hoffer Elementary School	Elementary & Secondary Schools	50 to 99

Data Source:

State of California, Employment Development Department, Labor Market Informaion Division, Local Information Services Group.

Data Axel - Unable to disclose specific identifiable information - confidential

CITY OF BANNINGTable 29 - Authorized Full-time Equivalent City Employees by Function
Last Ten Fiscal Years

Department/Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Manager										
Administration										
Economic Development ¹	1.37	1.57	1.57	1.09	1.09	0.85	0.85	2.00	2.00	8.00
City Clerk ²	1.00	1.00	1.00	1.24	1.24	1.00	1.00	1.00	1.00	1.00
	1.83	1.83	1.83	1.70	1.70	1.50	1.50	2.00	2.00	1.00
Administrative Services										
Fiscal Services	5.45	5.45	6.45	5.45	5.45	6.35	6.85	9.50	9.50	9.00
Purchasing	1.00	1.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Human Resources	1.15	0.95	1.06	1.07	1.07	1.20	1.20	1.60	1.60	2.00
Risk Management	1.56	1.56	1.90	1.82	1.82	1.65	1.65	1.40	1.40	-
Information Technology	2.40	2.40	2.40	3.45	3.45	2.00	2.00	2.00	2.00	4.00
Media	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Utility Billing	9.63	9.63	9.63	11.31	11.31	10.20	10.70	9.00	9.00	8.00
Meter Reading	4.20	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Public Works										
Engineering	0.92	0.92	0.92	0.92	0.92	1.11	1.11	1.31	1.31	3.75
Building Maintenance	1.28	1.28	1.78	1.31	1.31	1.48	1.58	1.63	1.63	2.00
Streets	4.85	4.85	4.85	5.05	5.05	6.05	6.40	6.25	6.25	4.50
Landscape Maintenance District								0.28	0.28	0.50
Airport	1.55	1.20	0.30	0.80	0.80	0.83	0.88	0.98	0.98	0.50
Transit										
Fixed Route	10.77	12.67	13.30	13.13	13.13	13.65	15.65	13.43	13.43	10.50
Dial-A-Ride	2.04	2.04	1.54	1.39	1.39	1.00	1.00	0.63	0.63	1.00
Water	15.17	15.20	15.25	15.59	16.59	16.70	16.95	16.49	16.49	20.00
Wastewater	5.32	5.26	5.31	5.52	5.52	6.09	6.34	5.86	5.86	2.00
Refuse	0.69	0.69	0.69	1.14	1.14	0.82	1.82	1.80	1.80	2.00
Fleet Maintenance	3.50	3.50	3.50	4.05	4.05	4.42	4.42	4.73	4.73	5.00
Electric										
Operations	19.65	23.73	24.73	25.20	25.20	28.18	31.18	29.63	29.63	32.00
Generation	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Benefits ³	2.00	2.00	2.00	2.00	2.00	-	-	-	-	-

CITY OF BANNING

Table 29 - Authorized Full-time Equivalent City Employees by Function
Last Ten Fiscal Years

Department/Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Sworn Police officers & Non Sworn Personnel	31.75	31.90	34.90	35.90	36.90	37.90	37.90	34.90	34.90	39.00
Dispatch	8.10	8.10	8.10	8.10	9.10	9.10	9.10	8.10	8.10	7.00
Fire ⁴	1.00	1.00	-	-	-	-	-	-	-	-
Code Enforcement	2.00	1.45	2.00	2.00	2.00	2.00	4.00	3.00	3.00	2.00
Planning	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.00
Building Safety	0.60	1.60	1.60	1.60	1.60	1.60	2.60	1.60	1.60	3.00
Parks & Recreation										
Parks	4.28	4.28	4.28	4.30	4.30	2.25	2.70	2.70	2.70	3.00
Recreation	3.07	3.28	5.33	6.05	6.05	3.32	4.17	6.18	6.18	13.00
Aquatics	2.09	2.11	2.11	2.06	2.06	3.32	3.32	2.76	2.76	11.50
Day Care ⁵	-	-	-	-	-	0.61	0.61	-	-	-
Senior Center	0.58	0.58	0.58	0.75	0.75	1.57	1.57	1.17	1.17	0.50
Total Full-time Equivalent Employees	154.05	161.43	169.31	174.39	179.39	179.15	191.45	184.33	184.33	206.75

Notes:

¹ Economic Development contains FTE of Community Redevelopment Admin/Successor Housing Agency for Fiscal years 2011-2016

² City Clerk (Elected) and other Elected officials are not included in any figures

³ Starting in Fiscal year 2019 these employees were moved to Electric Operations

⁴ Fire Services are contracted through Riverside County/Cal Fire

⁵ Day Care services allocation of personnel were added to Parks & Recreation in Fiscal Year 2019

CITY OF BANNING

Table 30 - Operations Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical Arrests	1,876	1,622	1,759	1,876	1,720	1,139	1,189	1,091	1,210	1,008
Parking violations	-	66	311	399	456	1,007	343	191	178	225
Traffic violations	257	161	230	249	455	189	262	172	162	162
Calls for service	37,910	39,307	40,390	42,322	37,817	34,603	36,457	37,316	37,980	35,362
Fire										
Emergency Response	4,179	4,559	4,848	4,800	4,549	4,680	4,686	4,976	4,950	5,025
Fire Extinguished	148	127	126	158	136	129	188	214	130	125
Fire Inspections	131	92	136	121	107	115	611	691	691	592
Public Works										
Street resurfacing (miles)	2.10	-	0.75	3.55	0.50	1.47	6.07	3.21	3.21	1.75
Potholes repaired (square feet per year)	96	99	66	122	24	100	107	120	120	82
Traffic signs repaired/replaced	92	160	123	75	51	130	81	294	275	148
Parks & Recreation										
Number of facility rentals					314	415	397	758	1,178	1,349
Number of recreation classes					135	217	254	94	343	459
Building & Safety										
Building Permits issued	713	742	864	922	989	934	3,262	2,009	2,009	2,324
Building Inspections	-	233	200	181	264	420	6,020	8,500	8,500	6,973
Code Enforcement										
Citations issued	-	7	64	48	27	26	38	11	12	15
Calls for Service	-	136	984	1,070	1,305	1,493	1,832	1,974	1,264	1,084

189

CITY OF BANNING

Table 30 - Operations Indicators by Function/Program
Last Ten Fiscal Years

[illegible]

CITY OF BANNING

Table 30 - Operations Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Refuse										
Number of Customers										
Commercial/Multi-Family	518	506	510	510	516	512	494	520	-	-
Residential	11,022	11,070	11,266	11,317	11,280	11,280	11,340	11,356	-	-
Roll-off Service	35	34	35	38	38	44	41	59	-	-
Tonnage Collected by Service										
Commercial/Multi-Family	6,675	6,455	6,097	12,424	7,534	8,175	7,702	6,830	-	-
Residential	14,538	15,127	16,412	15,187	15,769	16,533	17,059	19,833	-	-
Roll-off Service	4,817	3,599	2,919	3,458	3,906	4,066	3,978	5,067	-	-
Total Tonnage Collected by Service	26,030	25,181	25,428	31,069	27,209	28,774	28,740	31,730	-	-
Tonnage Type Collected (All Services)										
Trash	18,389	18,491	18,777	24,780	20,489	20,517	21,084	24,226	-	-
Recycle	3,326	2,715	2,868	4,141	3,557	3,295	2,479	3,070	-	-
Green Waste	4,316	3,975	3,782	2,052	2,967	4,742	5,010	4,529	-	-
Organics	-	-	-	96	197	219	166	70	-	-
Total Tons Collected	26,030	25,181	25,428	31,069	27,209	28,774	28,740	31,895	-	-
Total Tons Diverted	7,641	6,689	6,650	6,290	6,720	8,257	7,656	7,669	-	-
Diversion % All Services	29.36%	26.57%	26.15%	20.24%	24.70%	28.69%	26.64%	24.04%	0.00%	0.00%

Data Source: City Departments and Fire Statistics from Riverside County/CalFire

Notes:

¹ Fire Statistics provided by Riverside County Fire Department / CAL Fire

² Parks and recreation programs were not tracked until Fiscal Year 2015, no data available for prior years. Class count low in FY21 due to COVID-19, but outside rentals higher for facilities

³ For Building & Safety, there is no data available for tracking building inspection prior to Fiscal year 2015, FY21 increase in development and inspections with clean up of expired permits

⁴ Code Enforcement items were not tracked until Fiscal Year 2015, no data available for prior years, FY21 numbers low due to COVID-19 and not issuing citations

⁵ For New Water Connections only. This number is expected to be larger with new home developments.

⁶ The number of Water service connections represents active accounts and will change with non-occupied locations

⁷ Water Purchased is the amount of imported water purchased

⁸ Refuse was taken over by Waste Management Effective July 2021.

⁹ Planning applications completed also includes the number of Engineering applications as they are combined in our system.

CITY OF BANNING
Table 31 - Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Police Station										
Patrol Units	1	1	1	1	1	1	1	1	1	1
	13	11	11	11	15	18	24	24	24	24
Fire										
Stations	2	1	1	1	1	1	1	1	1	1
Fire Engines	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	118	118	118	118	118	118	122	125	125	125
Traffic signals	7	7	7	7	7	7	7	7	7	7
Storm catch basin	98	98	98	98	126	126	150	174	174	174
Parks & Recreation										
Parks	7	7	7	7	7	7	7	7	7	7
Park acreage	59.23	59.23	59.23	59.23	59.23	59.23	59.23	59.23	59.23	59.23
Community Center	2	2	2	2	2	2	2	2	2	2
Aquatics center	1	1	1	1	1	1	1	1	1	1
Skate Park	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Diamonds	5	5	5	5	5	5	5	5	5	5
Transit										
Buses	11	13	12	12	15	10	10	10	10	10
Water										
Water Mains (miles)	166.19	166.19	166.19	166.19	167.56	169.05	174.18	170.25	170.25	170.25
Fire hydrants	1,424	1,425	1,425	1,428	1,437	1,455	1,539	1,555	1,555	1,555
Storage capacity (MGD)	19.98	19.98	19.98	19.98	19.98	19.98	19.98	19.98	19.98	19.98

CITY OF BANNING

Table 31 - Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Wastewater										
Sanitary Sewers (miles)	111.67	111.67	112.20	112.20	112.20	113.96	118.00	115.89	115.89	115.89
Treatment Plant capacity (MGD)	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Electric										
Number of electric meters	12,426	11,974	12,111	12,101	12,139	12,015	12,339	12,528	12,528	12,528
Number of street lights	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Substations	6	6	6	6	6	6	6	6	6	6
Substation capacity	103.25	103.25	103.25	103.25	103.25	103.25	103.25	103.25	103.25	103.25
Airprot										
Runway Miles	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985

Data Source: City Departments and Fire Statistics from Riverside County/CalFire

Notes:

- ¹ Patrol Units with lights, sirens, lightbar on top and does not include detective cars
- ² The City of Banning owns two fire stations but only one is operational, Station 89 at Murray Street, the other one is at Wilson Street and has been closed since 1998 when the City contracted fire services with the County. There are two fire engines/medic in which one is at Fire Station 89 and the other is shared with Fire Station 20 at the Beaumont Forest Fire Station
- ³ Represents the number of basins/inlets
- ⁴ MGD = Millions Gallons per Day
- ⁵ MGD = Millions Gallons per Day



Independent Accountant's Report

To the Honorable Mayor and Members of the City Council
City of Banning, California

We have performed the procedures enumerated below, on the Appropriations Limit Calculation of the City of Banning, California (City) prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2023. The City's management is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Appropriations Limit Calculation and we will report on findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2022-2023 appropriations limit.

Finding: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in Procedure 1 above and to information provided by the California State Department of Finance.

Finding: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the City Council.

Finding: The 2021-2022 limit adopted by the City Council was \$52,022,081. This limit was incorrectly calculated initially, and the revised limit for 2021-2022 is \$53,634,367.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's Appropriations Limit Calculation for the fiscal year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of City Council and management of the City and is not intended to be and should not be used by anyone other than those specified parties.

Handwritten signature of Erik Sallie LLP in cursive script.

Rancho Cucamonga, California
July 31, 2024



July 31, 2024

To the Honorable Mayor and Members of the City Council
City of Banning, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning (City), as of and for the year ended June 30, 2023, and have issued our report thereon dated July 31, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated November 13, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the City complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the City's major federal program compliance, is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the the City's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated July 31, 2024. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated July 31, 2024.

Planned Scope and Timing of the Audit

The timing of the audit was modified to allow the City sufficient time to close its books and records.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to accounting for subscription based information technology arrangements (SBITAs) to adopt the provisions of GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs). Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2022. There was no effect on beginning net position as a result of implementation. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are net pension and total other postemployment benefits (OPEB) liabilities, disclosures, related deferred inflows/outflows of resources, and pension/OPEB expense. These are based on actuarial valuations which include assumptions adopted by CalPERS and the City.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

- Pension liabilities in Note 11 are sensitive to the underlying actuarial assumptions used, including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 11, a 1% increase or decrease in the discount rate has a significant effect on the City's total pension liabilities.
- OPEB liabilities in Note 12 are sensitive to the underlying actuarial assumptions used, including, but not limited to, the investment rate of return, discount rate, and healthcare cost trend rate. As disclosed in Note 12, a 1% increase or decrease in the discount rate or healthcare trend rate has a significant effect on the City's total OPEB liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The attached schedule of corrected misstatements (Attachment I) summarizes misstatements identified as a result of our audit procedures. These misstatements were brought to the attention of, and corrected by, management.

The attached schedule of uncorrected misstatements (Attachment II) summarizes misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

As described in our report, we were not engaged as auditors of the City until after June 30, 2023, nor did the City perform a year-end inventory observation as of June 30, 2023. We were unable to satisfy ourselves by performing other auditing procedures concerning the inventory held at June 30, 2023. As the inventory balances are material to the Banning Utility Authority water fund, electric utility fund, and business-type activities, our opinion on each of these opinion units is qualified with respect to this matter.

Further, as described in Note 1 to the financial statements, due to the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, the City restated opening balance as of July 1, 2022. Additionally, our report included an emphasis of matter relating to the correction of errors as disclosed in Note 18. We have included an emphasis of matter in our report regarding this restatement.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated July 31, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Matters Resulting in Consultation outside the Engagement Team

The following significant and relevant matter resulted in consultations outside of our engagement team:

We obtained information on a matter for which the City Council retained an external forensic accounting firm for services to the Electric Utility.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Existence of a Material Misstatement that Affects the Financial Statements of a Prior Period in Which There Was a Predecessor Auditor

We have identified the existence of material misstatements that affect the prior period financial statements on which the predecessor auditor had previously reported without modification. The misstatements are as follows:

A restatement was recorded to the governmental activities, business-type activities, and electric utility fund beginning net position, as well as general fund balance to remove an advance between the funds that should have been reflected as a transfer. The restatement increased governmental activities net position, decreased business-type activities and Electric Utility Fund beginning net position, and increased general fund balance by \$394,118. The restatement increased prior year change in net position for governmental activities, decreased change in net position for business-type activities and the electric utility fund, and increased net change in fund balance for the general fund by \$394,118.

A restatement was recorded to the governmental activities beginning net position and general fund balance to remove an invalid receivable that had been recognized as revenue in prior years totaling \$708,520. An additional restatement was recorded to recognize a refundable developer deposit that had been recognized as revenue in prior years totaling \$41,141. The restatement reduced governmental activities beginning net position and general fund balance by \$749,661. The restatement reduced prior year change in net position for governmental activities and reduced prior year net change in fund balance for the general fund by \$749,661.

A restatement was recorded to governmental activities beginning net position and general fund balance to increase unearned revenue that had been recognized as revenue in prior years. The restatement reduced governmental activities beginning net position and general fund balance by \$304,304. The restatement reduced prior year change in net position for governmental activities and reduced prior year net change in fund balance for the general fund by \$304,304.

A restatement was recorded to business-type activities and refuse utility beginning net position to increase unearned revenue that had been recognized as revenue in prior years. The restatement reduced prior year change in net position by \$4,275,000.

A restatement was recorded to the governmental activities and private-purpose trust fund successor agency beginning net position to reduce land held for resale under the successor agency and present it as land under governmental activities. The restatement increased governmental activities net position and decreased private-purpose trust fund successor agency beginning net position by \$4,675,556. The restatement increased prior year change in net position for governmental activities and decreased prior year change in net position for the private-purpose trust fund successor agency by \$4,675,556. The assets were transferred by approved Council action in Resolutions 2011-09 and 2021-99.

A restatement was recorded to the governmental activities and private-purpose trust fund successor agency beginning net position to transfer capital assets erroneously recognized as successor agency fund capital assets in prior years. The restatement increased governmental activities net position and decreased private-purpose trust fund successor agency beginning net position by \$6,775,155. The restatement increased prior year change in net position for governmental activities and decreased prior year change in net position for the private-purpose trust fund successor agency by \$6,775,155.

A restatement was recorded to the beginning net position of the business-type activities in the amount of \$853,513, the Banning Utility Authority water fund in the amount of (\$19,183), electric utility fund in the amount of \$681,456, Banning Utility Authority wastewater fund in the amount of \$132,275, and refuse utility fund in the amount of \$58,965 to record receivable balances incurred but not recorded in the prior year. The restatement reduced the prior year change in fund balance by \$19,183 for the Banning Utility Authority water fund and increased the prior year change in net position by \$681,456 for the electric utility fund, by \$132,275 for the Banning Utility Authority wastewater fund and by \$58,965 for the refuse utility fund.

Group Audit

The financial statements include the financial statements of the Banning Utility Authority and the Banning Wastewater Facilities Corporation, component units of the City, which we considered to be significant components of the financial statements. The financial statements also include the financial statements of the City of Banning Financing Authority and the City of Banning Housing Authority, component units of the City, which we considered to not be significant components of the financial statements.

Consistent with the audit of the group financial statements as a whole, our audit included obtaining an understanding of the component units and their environments, including internal controls, sufficient to assess the risks of material misstatement of the group financial statements of the City and completion of further audit procedures.

This report is intended solely for the information and use of the Mayor and members of the City Council, and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.



Rancho Cucamonga, California

CITY OF BANNING
SUMMARY OF CORRECTED MISSTATEMENTS
JUNE 30, 2023

ATTACHMENT I

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
Prior period adjustment to remove an advance between the General and Electric Funds.			
001-0000-248.56-00	ADVANCES FROM OTHER FUNDS / ADV FROM ELECTRIC FUND	394,118.00	
670-0000-279.00-00	RETAINED EARNINGS / UNRESERVED/UNDESIGNATED	394,118.00	
001-0000-289.00-00	FUND BALANCE / UNRESERVED, UNDESIGNATED		394,118.00
670-0000-181.01-00	ADVANCES TO OTHER FUNDS / ADVANCE TO GENERAL FUND		394,118.00
Total		788,236.00	788,236.00
Adjusting Journal Entries JE # 2			
To remove the cash in transit at 6/30 recorded in the Electric Fund			
670-0000-201.00-00	CURRENT LIABILITIES / VOUCHERS PAYABLE	1,127,951.00	
670-0000-107.60-00	CASH ON DEPOSIT / DEPOSIT WITH RPU TRUSTEE		1,127,951.00
Total		1,127,951.00	1,127,951.00
Adjusting Journal Entries JE # 3			
To reclassify the Unit 902 Vector Truck from leased assets/liabilities to capital assets/long-term debt.			
680-0000-122.00-00	LEASE ASSETS / ACCUM AMRTZN-LEASE ASSET	94,598.00	
680-0000-170.30-00	FIXED ASSETS / MACHINERY & EQUIPMENT	577,049.00	
680-0000-225.10-00	LEASE ASSETS / ROUA-LEASE LIAB-CURRENT	95,275.00	
680-0000-231.20-00	LEASE LIABILITY / ROUA-LEASE LIAB-NC	285,824.00	
680-8000-454.49-50	BAD DEBT & DEPREC EXPENSE / DEPRECIATION	94,958.00	
680-0000-121.45-00	LEASE ASSETS / ROUA-VEHICLES		577,049.00
680-0000-179.10-00	ACCUMULATED DEPRECIATION / ACCUMULATED DEPRECIATION		94,598.00
680-0000-241.01-00	LONG TERM DEBT / FINANCED PURCHASE SHORT-TERM		95,275.00
680-0000-241.20-00	LONG TERM DEBT / FINANCED PURCHASE NC		285,824.00
680-8000-454.66-09	AMORTIZATION / ROUA AMORTIZATION-LEASE		94,958.00
Total		1,147,704.00	1,147,704.00
Adjusting Journal Entries JE # 4			
Prior period adjustment to transfer land from successor agency to govt wide.			
850-0000-281.00-00	FUND BALANCE / RESERVED	4,675,556.00	
950-0000-170.10-00	FIXED ASSETS / LAND	4,675,556.00	
850-0000-131.20-00	INVENTORY / LAND HELD FOR RESALE		4,675,556.00
950-0000-278.00-00	RETAINED EARNINGS / NET INVEST IN FIXED ASSET		4,675,556.00
Total		9,351,112.00	9,351,112.00
Adjusting Journal Entries JE # 5			
Prior period adjustment to adjust utility A/R to agree to CIS (Utility Billing) reports.			
660-0000-279.00-00	RETAINED EARNINGS / UNRESERVED/UNDESIGNATED	19,183.00	
670-0000-112.00-00	RECEIVABLES / ACCOUNTS RECEIVABLE	681,453.00	
680-0000-112.00-00	RECEIVABLES / ACCOUNTS RECEIVABLE	132,275.00	
690-0000-112.00-00	RECEIVABLES / ACCOUNTS RECEIVABLE	58,965.00	
660-0000-112.00-00	RECEIVABLES / ACCOUNTS RECEIVABLE		19,183.00
670-0000-279.00-00	RETAINED EARNINGS / UNRESERVED/UNDESIGNATED		681,453.00
680-0000-279.00-00	RETAINED EARNINGS / UNRESERVED/UNDESIGNATED		132,275.00
690-0000-279.00-00	RETAINED EARNINGS / UNRESERVED/UNDESIGNATED		58,965.00
Total		891,876.00	891,876.00
Adjusting Journal Entries JE # 6			
To record SBITA proceeds and capital outlay expenditures.			
110-2200-421.90-54	CAPITAL EXPENDITURES - SBITA	106,550.00	
110-2200-421.63-11	DEBT SERVICE PROCEEDS - SBITA		106,550.00
Total		106,550.00	106,550.00
Adjusting Journal Entries JE # 7			
To record lease proceeds and capital outlay expenditures.			
001-2200-421.90-55	CAPITAL EXPENDITURES - LEASES	361,506.00	
451-2200-421.90-55	CAPITAL EXPENDITURES - LEASES	762,007.00	
001-2200-421.63-12	DEBT SERVICE PROCEEDS - LEASES		361,506.00
451-2200-421.63-12	DEBT SERVICE PROCEEDS - LEASES		762,007.00
Total		1,123,513.00	1,123,513.00

Adjusting Journal Entries JE # 8

Prior period adjustment to record refuse franchise fee unearned revenue.

690-0000-279.00-00	RETAINED EARNINGS / UNRESERVED/UNDESIGNATED	4,275,000.00	
690-0000-237.00-00	NON-CURRENT LIABILITIES / UNEARNED REVENUE-OPER		4,275,000.00
Total		4,275,000.00	4,275,000.00

Adjusting Journal Entries JE # 9

To record CY franchise fee revenue per Waste Management agreement.

690-0000-237.00-00	NON-CURRENT LIABILITIES / UNEARNED REVENUE-OPER	225,000.00	
690-9600-356.38-95	UTILITY FUNDS / FRANCHISE FEE		225,000.00
Total		225,000.00	225,000.00

Adjusting Journal Entries JE # 10

To reclassify Pardee unavailable revenue out of revenue.

002-2800-361.41-02	SUNDRY CHARGES/SPC PRGRMS / MISC REIMBURSEMENTS	28,696.00	
002-0000-238.00-00	NON-CURRENT LIABILITIES / UNAVAIL REVENUE-OPERATG		28,696.00
Total		28,696.00	28,696.00

Adjusting Journal Entries JE # 11

Prior period adjustment to correct Pardee A/R to actual.

002-0000-289.00-00	FUND BALANCE / UNRESERVED, UNDESIGNATED	708,520.00	
002-0000-289.00-00	FUND BALANCE / UNRESERVED, UNDESIGNATED	41,141.00	
002-2800-361.41-02	SUNDRY CHARGES/SPC PRGRMS / MISC REIMBURSEMENTS	219,498.00	
002-0000-112.29-00	ACCOUNTS RECEIVABLE / PARDEE		489,467.00
002-0000-112.29-00	ACCOUNTS RECEIVABLE / PARDEE		219,498.00
002-0000-222.30-03	REFUNDABLE DEVELOPEPR DPS / PARDEE HOMES-DEUTSCH SP		41,141.00
002-0000-238.00-00	NON-CURRENT LIABILITIES / UNAVAIL REVENUE-OPERATG		219,053.00
Total		969,159.00	969,159.00

Adjusting Journal Entries JE # 12

To reclassify PACT AB109 revenue as unavailable.

001-2200-341.31-42	REVENUE FROM STATE / PACT AB 109	177,223.00	
001-0000-238.00-00	NON-CURRENT LIABILITIES / UNAVAIL REVENUE-OPERATG		177,223.00
Total		177,223.00	177,223.00

Adjusting Journal Entries JE # 13

To increase general fund allowance for aged activity.

001-1800-412.49-01	BAD DEBT & DEPREC EXP / BAD DEBT EXPENSE	93,436.00	
001-0000-113.00-00	RECEIVABLES / ALLOW FOR DOUBTFUL ACCTS		93,436.00
Total		93,436.00	93,436.00

Adjusting Journal Entries JE # 14

To correct prior period adjustment to transfer assets from successor agency to govt'l activities.

830-0000-281.00-00	FUND BALANCE / RESERVED	89.00	
850-0000-281.00-00	FUND BALANCE / RESERVED	5,425.00	
830-9200-490.42-50	SUNDRY CHARGES/SPC PRGRMS / MISCELLANEOUS EXPENSE		89.00
850-9200-490.42-50	SUNDRY CHARGES/SPC PRGRMS / MISCELLANEOUS EXPENSE		5,425.00
Total		5,514.00	5,514.00

Adjusting Journal Entries JE # 15

To accrue Fisher settlement to PERMA.

700-5300-480.41-38	PERMA TRUST	790,000.00	
700-0000-201.05-00	ACCRUAL FOR GROUP		790,000.00
Total		790,000.00	790,000.00

Adjusting Journal Entries JE # 16

To accrue the Goebels settlement.

700-5300-480.41-38	PERMA TRUST	66,000.00	
700-0000-201.05-00	ACCRUAL FOR GROUP		66,000.00
Total		66,000.00	66,000.00

Adjusting Journal Entries JE # 17

Prior period adjustment for plan check fees received in FY22 that pertained to work performed in FY23.

001-0000-289.00-00	FUND BALANCE / UNRESERVED, UNDESIGNATED	304,304.00	
001-3000-351.35-61	CHARGES FOR CURRENT SVC / CONSULTANT PLAN CK REV		141,753.00
001-3000-351.35-61	CHARGES FOR CURRENT SVC / CONSULTANT PLAN CK REV		162,551.00
Total		304,304.00	304,304.00

Adjusting Journal Entries JE # 18
To adjust the cannabis sales & use taxes revenue for the portion received after the period of availability.

001-0001-302.11-09	SALES & USE TAXES / CANNABIS	476,805.00	
001-0000-238.00-00	NON-CURRENT LIABILITIES / UNAVAIL REVENUE-OPERATG		476,805.00
Total		<u>476,805.00</u>	<u>476,805.00</u>

CITY OF BANNING
SUMMARY OF UNCORRECTED MISSTATEMENTS
JUNE 30, 2023

ATTACHMENT II

	BALANCE SHEET				CHANGE IN FB/NP			CHANGE IN FB/NP	BEGINNING FB/NP	ENDING FB/NP
	ASSETS	DEFERRED OUTFLOWS	LIABIL- ITIES	DEFERRED INFLOWS	REVENUE	EXPENSES/ EXPEND- ITURES	(3) OFS/OFU & TRANSFERS			
GENERAL FUND:										
PY REVERSING ENTRIES										
To record unavailable revenue					(42,023)			(42,023)	42,023	-
CY ENTRIES										
Payroll Liabilities - Medical Insurance Payable Reclass to F	84,592		(84,592)					-		-
Total General Fund	84,592	-	(84,592)	-	(42,023)	-	-	(42,023)	42,023	-
MAJOR FUND: Banning Utility Authority Water										
PY REVERSING ENTRIES										
To adjust inventory to physical count					84,790			84,790	(84,790)	-
Total	-	-	-	-	84,790	-	-	84,790	(84,790)	-
(Includes nonmajor governmental and enterprise funds, internal service fund type, and fiduciary funds)										
AGGREGATE REMAINING FUNDS										
PY REVERSING ENTRIES										
To record unavailable revenue					(88,348)			(88,348)	88,348	-
CY ENTRIES										
Prior period adjustment for Transit Unearned Revenue					(273,396)			(273,396)	273,396	-
Recyclist SBITA	64,955		(46,305)			18,650		18,650		18,650
Billed/unbilled legal fees - RWG			(83,407)			83,407		83,407		83,407
Total	64,955	-	(129,712)	-	(361,744)	102,057	-	(259,687)	361,744	102,057
Government-Wide: Governmental Activities										
PY REVERSING ENTRIES										
To record unavailable revenue					(130,371)			(130,371)	130,371	-
CY ENTRIES										
Deferred Outflows - OPEB		(137,624)				137,624		137,624		137,624
Payroll Liabilities - Medical Insurance Payable Reclass to F	84,592		(84,592)					-		-
Right to Use Lease Liability			361,506			361,506		361,506		361,506
Billed/unbilled legal fees - RWG			(83,407)			83,407		83,407		83,407
Total Governmental Activities	84,592	(137,624)	193,507	-	(130,371)	582,537	-	452,166	130,371	582,537
Government-Wide: Business-type Activities										
PY REVERSING ENTRIES										
To adjust inventory to physical count					84,790			84,790	(84,790)	-
CY ENTRIES										
Prior period adjustment for Transit Unearned Revenue					(273,396)			(273,396)	273,396	-
Recyclist SBITA	64,955		(46,305)			18,650		18,650		18,650
Total Business-type Activities	64,955	-	(46,305)	-	(188,606)	18,650	-	(169,956)	188,606	18,650



Management Letter
For Fiscal Year Ended June 30, 2023
City of Banning, California



To the Honorable Mayor and Members of the City Council
City of Banning, California

In planning and performing our audit of the financial statements of the City of Banning, California (the City) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

During our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities for strengthening internal controls and operating efficiency. The observations and recommendations are summarized below. This letter does not affect our report dated July 31, 2024, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

Whistleblower Hotline

Observation:

From our inquiries regarding the City's internal control, not all employees that were interviewed were aware of the whistleblower hotline.

Recommendation:

We recommend that the City revisit its procedures and awareness communications regarding the City's whistleblower hotline.

Management's Response:

The City's Whistleblower Hotline number is posted in all breakrooms in all city facilities. Additionally, it is provided to new employees in the Employee Assistance Program (EAP) information upon hire and annually as a part of the benefits enrollment process. Human Resources will also send out an email to all staff to ensure everyone is aware of the hotline.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of management of the City, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Erik Sallie LLP in cursive script.

Rancho Cucamonga, California
July 31, 2024



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2023

City of Banning, California

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*..... 1

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 7

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs

 Section I - Summary of Auditor’s Results..... 9

 Section II - Financial Statement Findings10

 Section III - Federal Award Findings and Questioned Costs.....17

Summary Schedule of Prior Audit Findings.....20



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

City Council
City of Banning
Banning, California

We have audited, in accordance with the auditing standards generally accepted the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2024. Our report qualified the opinion on the Banning Utility Authority Water Fund, Electric Utility Fund, and Business-Type Activities because management had not engaged Eide Bailly LLP as of June 30, 2023. As such, we could not perform inventory observations. Additionally, the City did not perform a year-end inventory observation. Our report also included emphasis of matter paragraphs regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022 and restatement of beginning net position/fund balance for the correction of errors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004 and 2023-005 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
July 31, 2024



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

City Council
City of Banning
Banning, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Banning's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-007. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-006 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal controls over compliance described in the accompanying schedule of findings and questioned costs as item 2023-007 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 31, 2024, which contained qualified and unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022, and

a restatement of beginning net position/fund balance for the correction of errors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Rancho Cucamonga, California
July 31, 2024

City of Banning, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Housing and Urban Development			
Passed-through the County of Riverside Economic Development Agency			
Community Development Blocks Grant - Entitlement Grants Cluster			
Community Development Blocks Grant - Entitlement Grants	14.218	5.BN.43-19/5.BN.49-20	\$ 4,815
Community Development Blocks Grant - Entitlement Grants	14.218	5.BN.48-20	8,211
Community Development Blocks Grant - Entitlement Grants	14.218	5.BN.57-22	10,000
Community Development Blocks Grant - Entitlement Grants Cluster Subtotal			23,026
COVID-19 Emergency Solutions Grant Program	14.231	E-20-UW-06-0506	333,596
Total Department of Housing and Urban Development			356,622
Department of Interior			
Direct Assistance			
WaterSMART (Sustain and Manage America Resources for Tomorrow)	15.507	R21AP10083-00	37,494
Total Department of Interior			37,494
Department of Justice			
Direct Assistance			
Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1690	1,188
Passed-through the County of Riverside Sheriff Department			
Edward Byrne Memorial Justice Assistance Grant Program - 2021 Byrne Grant	16.738	15PBJA-21-GG-01181-JAGX	9,227
Total Department of Justice			10,415
Federal Aviation Administration			
Direct Assistance			
Airport Improvement Program			
COVID-19 Airport Improvement Program	20.106	3-06-0018-019-2021	23,484
Total Federal Aviation Administration			23,484
Department of Transportation			
Passed-through CalTrans			
Highway Planning and Construction			
San Geronio Union Pacific Rail Road Pedestrian (UPRR) Improvement Project	20.205	STPLR-7500(288)	29,385
Total Department of Transportation			29,385
Department of Treasury			
Direct Assistance			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		752,115
Total Department of Treasury			752,115
Total Federal Financial Assistance			\$ 1,209,515

See Notes to Schedule of Expenditures of Federal Awards

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City of Banning, California

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Banning (City) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, as described in Note 1 of the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Qualified for: Banning Utility Authority Water Fund Electric Utility Fund Business-Type Activities Unmodified for all other opinion units
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II – Financial Statement Findings

2023-001 Internal Controls over the Financial Reporting Process and Year-End Closing Process

Type of Finding: *Material Weakness*

Criteria:

Management is responsible for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded. This requires management to perform a year-end closing process to accumulate, reconcile and summarize information for inclusion in the annual financial statements. Management is responsible for timely billing and collection of receivables. Management is responsible for reporting revenue as it is earned and available, where appropriate.

Condition:

During the audit, we identified adjustments, which were proposed and posted, as follows:

- The Riverside Public Utility cash account and accounts payable were overstated in the amount of \$1,127,951 within the electric fund
- Depreciable assets and related liability for a vactor truck within the wastewater fund were reclassified into traditional capital assets and long-term debt out of right-of-use assets and lease liabilities as it was deemed to not qualify as a lease under GASB 87
- Borrowings and capital outlay relating to SBITAs were understated in the amount of \$106,550 within the community development block grant fund
- Borrowings and capital outlay relating to leases were understated in the amount of \$1,123,513 within the general fund and park development fund
- Revenue and the unearned liability relating to the refuse franchise fee were overstated in the amount of \$225,000
- Revenue was overstated and the unavailable deferred inflow was understated for developer monies received outside of the 60-day availability period totaling \$248,194 within the developer deposit fund
- Revenue was overstated and the unavailable deferred inflow was understated for PACT AB109 monies received outside of the 60-day availability period totaling \$177,223 within the general fund
- Revenue was overstated and the unavailable deferred inflow was understated for Cannabis sales and use tax monies received outside of the 60-day availability period totaling \$476,805 within the general fund
- General fund allowance for doubtful accounts was understated in the amount of \$93,436
- Internal service expenses and accrued liabilities were understated within the internal service funds relating to litigation settlements and totaled \$85,600

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Corrections of errors to prior year financial statements were posted, as follows:

- A restatement was recorded to the governmental activities, business-type activities, and electric utility fund beginning net position, as well as general fund balance to remove an advance between the funds that was not properly removed in a prior fiscal year. The restatement increased governmental activities net position, decreased business-type activities and electric utility fund beginning net position, and increased general fund balance by \$394,118.
- A restatement was recorded to the governmental activities beginning net position and general fund balance to remove a receivable that had been recognized as revenue in prior years totaling \$708,520 and to recognize a developer deposit collected in prior years totaling \$41,141. The restatement reduced governmental activities beginning net position and general fund balance by \$749,661. The City was aggregating amounts asserted to be billed by third parties but not billed/invoiced. Timely and regular billings did not occur.
- A restatement was recorded to the governmental activities beginning net position and general fund balance to increase unearned revenue that had been recognized as revenue in prior years. The restatement reduced governmental activities beginning net position and general fund balance by \$304,304.
- A restatement was recorded to business-type activities and refuse utility beginning net position to increase unearned revenue that had been recognized as revenue in prior years. The restatement reduced business-type and refuse utility fund beginning net position by \$4,275,000.
- A restatement was recorded to the governmental activities and private-purpose trust fund successor agency beginning net position to reduce land held for resale under the successor agency and reclassify them as land under governmental activities. The restatement increased governmental activities net position and decreased private-purpose trust fund successor agency beginning net position by \$4,675,556. The assets were transferred by approved Council action in Resolutions 2011-09 and 2021-99.
- A restatement was recorded to the governmental activities and private-purpose trust fund successor agency beginning net position to transfer capital assets erroneously recognized as successor agency fund capital assets in prior years. The restatement increased governmental activities net position and decreased private-purpose trust fund successor agency beginning net position by \$6,775,155.
- A restatement was recorded to the beginning net position of the business-type activities in the amount of \$853,513, the Banning Utility Authority water fund in the amount of (\$19,183), electric utility fund in the amount of \$681,456, Banning Utility Authority wastewater fund in the amount of \$132,275, and refuse utility fund in the amount of \$58,965 to record receivable balances incurred but not recorded in the prior year. The restatement reduced the beginning net position by \$19,183 for the Banning Utility Authority water fund and increased the beginning net position by \$681,456 for the electric utility fund, by \$132,275 for the Banning Utility Authority wastewater fund and by \$58,965 for the refuse utility fund.

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Additionally, instances occurred throughout audit fieldwork where subsidiary listings either could not be generated to support account balances or did not agree to the general ledger. A subsidiary listing could not be generated for accounts payable. Within capital assets, the City reclassified business-type accumulated depreciation balances from prior year audits to agree to subsidiary listings.

During testing of subscription-based information technology arrangements (SBITAs), as part of the implementation of GASB Statement No. 96, two agreements were improperly excluded, resulting in an uncorrected misstatement.

Lease asset and liability figures recorded in the general ledger differed from the related amortization schedules, resulting in an uncorrected misstatement.

The City's net investment in capital asset calculation erroneously excluded deferred charges, deferred gain on refunding, lease/SBITA activity, and unspent bond proceeds. The calculation erroneously included accrued interest.

Cause:

The City did not consistently maintain year-end closing procedures to ensure that all financial information was accumulated and reconciled timely.

The City did not have an internal control process to bill for services rendered timely.

The City lacked an internal control policy to analyze the completeness and cut-off of revenue to record it when earned and available, as applicable.

The City did not have an internal control process in place to ensure SBITA agreements were reviewed for completeness.

The City did not have an internal control process in place to ensure activity with lease amortization schedules agreed to the general ledger.

Effect:

Journal entries were posted, and adjustments made to the financial statements, in order to fairly present the financial statements.

Timely and regular billings did not occur for services rendered, thus creating aged receivables of more than one fiscal year due from developers.

Revenue accounts, as well as related unearned revenues and deferred inflows of resources were misstated.

Context:

The conditions were noted during our testwork throughout the audit.

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Recommendation:

We recommend the City implement and/or strengthen its closing policies and procedures to ensure amounts are properly captured, reconciled, classified, reviewed, reported in a timely manner, and agree to subsidiary listings.

The City should pursue billings, and ensure collection, and issue invoices on a timely basis.

We recommend the City implement an internal control process to ensure that all revenue is properly recorded in accordance with generally accepted accounting principles.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2023-002

Inventory Counts

Type of Finding: *Material Weakness*

Criteria:

Management is responsible for performing test counts of inventories throughout the year, as necessary, and specifically at year-end.

Condition:

The City did not perform a year-end inventory count.

Cause:

The City did not have an internal control process in place to perform a year-end inventory count.

Effect:

Not performing an annual inventory count could lead to a material misstatement of inventory balances. Further, the opinions were qualified for the Banning Utility Authority Water fund, the Electric Utility fund, and Business-Type Activities. The City had not engaged Eide Bailly as the City's auditor as of June 30, 2023, and as a result, a year end inventory observation was not performed.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

The City should perform inventory counts at year-end, as well as ensuring an auditor is engaged to perform a year-end observation.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2023-003

Timely Preparation and Review of Bank Reconciliations

Type of Finding: Material Weakness

Criteria:

Management is responsible for reconciling and reviewing bank accounts in a timely manner on a monthly basis.

Condition:

The December 2022 General Account bank reconciliation was prepared in May 2023. Additionally, the June 2023 bank reconciliations, with the exception of the General Account, were reviewed in November 2023.

Cause:

The City did not have monitoring processes in place throughout the year to prepare and review bank reconciliations in a timely manner.

Effect:

Errors could go undetected without a timely preparation and review process.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

Bank reconciliations should be prepared and reviewed timely.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2023-004 Contributions Subsequent to Measurement Date – Pension Safety Plan

Type of Finding: Significant Deficiency

Criteria:

Management is responsible for reporting employer contributions that agree to amounts paid to CalPERS.

Condition:

The City reported employer contributions to the pension safety plan that were higher than the amount per CalPERS, thus resulting in a passed audit adjustment.

Cause:

The City did not have an internal control process in place to reconcile employer contributions.

Effect:

Deferred outflows of resources and pension expense could be misstated.

Context:

The conditions were noted during our testwork of the City's pension plans.

Recommendation:

We recommend the City implement an internal control process to reconcile contributions subsequent to year-end to the payments made to CalPERS.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2023-005 Utility Customer Account Adjustments

Type of Finding: Significant Deficiency

Criteria:

Management is responsible for monitoring adjustments to utility customer accounts.

Condition:

During the process to gain an understanding of the utility customer accounts, it was noted adjustments to customer accounts can be prepared and posted by the same individual. Additionally, customer account adjustments are not reviewed.

Cause:

A lack of segregation of duties and review process over utility adjustments allows for potentially unapproved adjustments to customer accounts.

Effect:

The control environment over customer accounts is weakened.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

We recommend the City implement policies and procedures that restrict the same individual from having the ability to adjust customer accounts. Additionally, a process should be implemented to review adjustments to customer accounts on a one-by-one basis, based on certain thresholds, or an aggregate basis.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs

2023-006 **Program:** COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Federal Financial Assistance Listing Number: 21.027
Federal Grantor: U.S. Department of Treasury
Award No. and Year: 2021

Compliance Requirements: Procurement and Suspension and Debarment
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria:

2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 2 CFR Section 200.214 of the Uniform Guidance states that the City must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Per 2 CFR Section 180.300, when a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Service Administration (GSA) and available at <https://www.sam.gov/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Condition:

During our testing of the City's provisions for procurement requirements under the COVID-19 Coronavirus State and Local Fiscal Recovery Funds, we noted for three (3) of four (4) contracts selecting for testing there was no evidence that the City verified the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract.

City of Banning, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Cause:

The City did not follow their policy to verify the information described in the condition prior to entering the transactions.

Effect:

The City's control was not consistently followed, which required verification of suspension or debarment prior to entering the contract. Subsequent to entering into the contract, management verified the vendors were not suspended or debarred.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context/Sampling:

A nonstatistical sample of four (4) out of twelve (12) procurement contracts were sampled for the COVID-19 Coronavirus State and Local Fiscal Recovery Funds.

Repeat Finding from Prior Year:

No

Recommendation:

We recommend the City adhere to their procurement procedures requiring the suspension or debarment verification is performed prior to entering into a covered transaction.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.